

CITY OF HOLLISTER

## HOUSING ELEMENT



ADOPTED SEPTEMBER 27, 1993


CITY COUNCIL RESOLUTION 93-171

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RESOLUTION NO. 93-171

RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF HOLLISTER ADOPTING  
GENERAL PLAN HOUSING ELEMENT AMENDMENT NO. 92-1  
INCLUDING ADOPTION OF NEGATIVE DECLARATION

DUPLICATE OF ORIGINAL  
ON FILE IN THE  
OFFICE OF THE CITY CLERK,  
CITY OF HOLLISTER

WHEREAS, the Planning Commission of the City of Hollister has initiated a General Plan Amendment to revise and update the City's Housing Element pursuant to State law and Article 10.6 of the California Government Code; and

WHEREAS, said Housing Element update was designated General Plan Housing Element Amendment No. 92-1; and

WHEREAS, said Housing Element update has been subjected to public review and comment in accordance with State law requirements; and

WHEREAS, said Housing Element update was the subject of a duly noticed public hearing before the Planning Commission of the City of Hollister on September 16, 1993; and

WHEREAS, the Planning Commission reviewed the Housing Element update for its conformity and consistency with the texts of the current City General Plan and the Preliminary Hearing Draft of the new General Plan and for its conformity with Article 10.6 of the California Government Code; and

WHEREAS, the Housing Element update has been submitted to the California Department of Housing and Community Development, as required by State law, and the Department has found the Element update, via its letter dated August 13, 1993, to be in compliance with Article 10.6 of the California Government Code; and

WHEREAS, said Housing Element update was determined to be a project and thus subject to the California Environmental Quality Act (CEQA); and

WHEREAS, based upon an initial study prepared for the Housing Element update, it has been determined that the adoption of the Element update will not result in any direct impact to the environment in that it only establishes City housing policies in conformance with State housing policy; and

WHEREAS, a draft Negative Declaration has been prepared for the Housing Element update and has been posted for public review in accordance with the provisions of the California Environmental Quality Act; and

WHEREAS, the Planning Commission of the City of Hollister has reviewed and considered the draft Negative Declaration prepared for the Housing Element update; and



WHEREAS, the Planning Commission of the City of Hollister, at its special meeting of September 16, 1993, via its Resolution No. PC93-1, recommended adoption of the Negative Declaration and General Plan Housing Element Amendment No. 92-1.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hollister as follows:

1. The City Council hereby adopts the Housing Element update Negative Declaration, finding that it is adequate and complete and has been prepared in accordance with the California Environmental Quality Act.
2. The City Council hereby finds that the Housing Element update is consistent with and conforms with the City of Hollister General Plan and, further, finds that there is a reasonable probability that the Element update will be consistent and will conform to the proposed General Plan based upon a review of the text of the Preliminary Hearing Draft of the new General Plan.
3. The City Council hereby finds that the Housing Element update conforms to State law requirements pursuant to Article 10.6 of the California Government Code.
4. The City Council of the City of Hollister hereby adopts General Plan Housing Element Amendment No. 92-1 (Housing Element update).

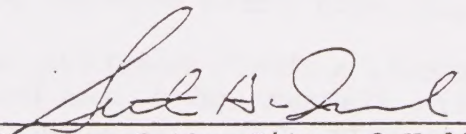
The foregoing Resolution was passed and adopted by the City Council of the City of Hollister on the 27th day of September, 1993, by the following vote:

AYES: Councilmen Boomer, Hallberg, Felice, Duran, and Mayor Irish.

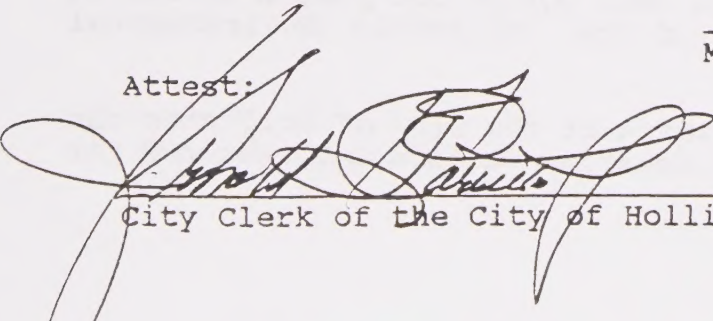
NOES: None.

ABSENT: None.

ABSTAIN: None.

  
\_\_\_\_\_  
Mayor of the City of Hollister

Attest:

  
\_\_\_\_\_  
City Clerk of the City of Hollister



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## I. INTRODUCTION

### PURPOSE

Housing elements are one of the seven elements of the general plan every California city and county is required by state law to prepare. Under state law, a general plan must function as an integrated, internally consistent and compatible statement of policies. The housing, land use and circulation elements form the heart of a community strategy to assure orderly growth and provide housing for all economic segments.

The California Department of Housing and Community Development (HCD) set forth guidelines in 1977, which have been updated often since then, that govern the content of housing elements. The regulations covering the housing element have been frequently updated and expanded since the legislation was first enacted. Most generally, the State requires that the housing elements include "an identification and analysis of existing and projected housing needs and a statement of goals, policies, qualified objectives, and scheduled programs for the preservation, improvement and development of housing." To maintain up-to-date and relevant goals and policies, state law requires that all housing elements be updated not less than every five years.

The City of Hollister housing element describes housing needs and sets forth goals and implementation measures intended to address these housing needs. The housing element provides a framework for achieving housing goals, and provides an expression of the local commitment to utilize public and private resources of the community to provide decent and affordable housing for all City residents. Housing element consistency will be ensured by Planning Department and Housing and Redevelopment staff review. To the extent that modifications to other elements will be necessitated by the revised housing element, these changes will be incorporated as part of the City's 1992 General Plan now under development.

This updated housing element has been designed to meet the State of California Housing Element Law (Article 10.6 of the Government Code). It replaces the previous housing element that was adopted in 1985. The housing goals and policies outlined in the previous housing element are generally considered appropriate, and aim at attaining the local and state housing goal of a suitable living environment for every family. The majority of programs and actions outlined in the 1985 housing element are also considered appropriate. Program modifications and additions have been recommended to improve performance for the upcoming planning period. Further, several new programs are recommended to be implemented over the subsequent five-year period. An evaluation of the 1985 housing element program achievements is included herein.

### CITIZEN AND LOCAL PARTICIPATION

To ensure that all economic segments of the community were involved in the housing element update, local nonprofit housing groups and other social service organizations serving the City's



special needs groups and the Affordable Housing Committee of the Redevelopment Department were sent a copy of the draft Housing Element and asked to provide written comments.

All comments were incorporated into a revised draft that was resubmitted for final HCD review and comments. All efforts were made to satisfy the State's concerns and comments. Three public hearings were advertised in the local newspaper and community boards, and letters of invitation were circulated to community groups serving all segments of the City's population, the Board of Realtors, as well as Planning Commissions and City Council members. The consultant was present to respond to questions. The community input obtained through the extensive public hearing process was most beneficial and appreciated.

This review and evaluation process served as a basis for the contents of this document, which applies to the Housing Element program period from January 1, 1991 through June 30, 1997.

## DEFINITION OF INCOME CATEGORIES

Since the determination of housing need is often discussed in terms of income categories, it is important to define the categories used in this update at the outset. The U.S. Department of Housing and Urban Development (HUD) has established household income categories based on a proportion of the area's median family income as summarized below:

Very Low-Income	Below 50% of Median
Low-Income	51-80% of Median
Moderate-Income	81-120% of Median
Above Moderate-Income	Above 120% of Median

The HUD income levels associated with each income category are established by HUD on an annual basis by metropolitan area, rather than by city. These income levels are then used by the state's Department of Housing and Community Development (HCD) in evaluating the affordability of units provided in the City. Hollister's income levels (for determining and evaluating affordable housing pricing by HCD) are based on the San Benito County averages. Since over half the population of San Benito County resides in Hollister, these figures can reasonably be expected to approximate those of Hollister. The 1992 income limits for lower-income households established by HUD for the San Benito County area are presented in Table 1.



TABLE 1  
 LOWER INCOME LIMITS BY HOUSEHOLD SIZE, 1992  
 MEDIAN HOUSEHOLD INCOME \$33,200

Income Category	Number of Persons in Family					
	1	2	3	4	5	6
Very Low Income	\$12,250	\$14,000	\$15,750	\$17,500	\$18,900	\$20,300
Lower Income	\$19,600	\$22,400	\$25,200	\$28,000	\$30,250	\$32,500
Moderate Income	\$24,500	\$28,000	\$31,500	\$35,000	\$37,800	\$40,600
Above Moderate Income	\$29,400	\$33,600	\$37,800	\$42,000	\$45,350	\$48,700
Source: HUD 1992 figures for San Benito County Area; Sedway & Associates						

### SUMMARY OF KEY HOUSING ELEMENT ISSUES/CONCERNS

Hollister, incorporated in 1872, is a small but rapidly growing city that is the government seat of San Benito County. Like the County, the City is primarily rural and agricultural. However, Hollister is within the region of influence of the metropolitan San Francisco Bay Area. Housing prices in Hollister have been inflated by these regional influences, pushing the price of new housing units out of reach for many local residents. Some of these key regional issues are highlighted below.

- The median home price in Hollister is \$179,400<sup>1</sup>, higher than comparable cities with similar income levels and population. San Benito County ranks 34th in the State for median income and 12th in the State for average housing cost. By contrast, Santa Clara County to the north has the highest median income in the State and the fourth highest average housing cost (1990 Census). Consequently, many new purchasers are relocating to Hollister to take advantage of the lower housing prices.
- Exacerbating this trend is the jobs/housing imbalance to the north. Santa Clara County has 100,000 surplus jobs, and a substantial share of new job growth over the program period (1991-1997) will be in the southern area of Santa Clara County. Hollister's attractiveness to commuters will continue to grow, particularly for those who desire a larger home or more land at more affordable prices.
- In this regional context, the City of Hollister has several internal identified housing needs. Some of the most critical needs, which are addressed later in the City's Housing Programs section, include the following:

<sup>1</sup>U.S. Census data, 1990, for all owner-occupied housing units.

- The stock of affordable multi-family homes in the City needs to be increased to add housing units for low- and moderate-income households.
- The stock of migrant labor housing in the City and in the County needs to be increased to provide more affordable housing to farm workers who spend a disproportionate amount of their income on housing.
- A disproportionately high population of female heads of family households with minors, Hispanics, and African-Americans are living at or below poverty level.
- More facilities need to be provided for segments of the homeless population.
- Limited City resources, including financing, personnel, local services, and an already strained infrastructure, threaten to constrain the efficient development of future affordable housing.
- Housing rehabilitation is critically needed in the downtown neighborhoods where a large number of older homes are in poor condition.



## II. DEMOGRAPHIC AND HOUSING CHARACTERISTICS

### DEMOGRAPHIC OVERVIEW

Hollister is the government seat of San Benito County. San Benito County is centrally located near the coast of California, approximately 25 miles inland from Monterey Bay and less than 30 miles south of San Jose. This rural, agricultural county is about 70 miles long and 20 miles wide. The region is known for land that is generally suited for certain types of crops that require a temperate climate.

U.S. Highway 101 connects the county with the Bay Area to the north and with Salinas and Southern California to the west and south. State Highway 25, which runs along the west side, is the main north-south route through the county.

Since incorporation in 1872, Hollister has been an agriculturally oriented community with most of its economic base rooted in farm production, food processing and related industries. While Hollister still retains its dependence on agriculture as a major industry, its economy is shifting to one based increasingly on manufacturing and other non-agricultural activities. These changes have brought new industries and new people to Hollister. During the decade of the 1980s, Hollister's population increased dramatically; from 1980 to 1990, the rate of increase in Hollister's population has been more than twice that of the State of California (1980 - 10,000; 1990 = 20,000). This population increase has brought a demand for new housing construction as well as a considerable pressure on the existing housing stock.

Like the County, Hollister is within the region of influence of the San Francisco Bay Area to the north and the Monterey Bay Area to the west and south. As such, Hollister is influenced by some of the factors of these areas, including rising land and housing prices.

### Population Growth

The City of Hollister has been growing at a fairly rapid rate for the last few years. As Table 2 indicates, the City has experienced a greater percentage increase in population than either the County of San Benito or the State of California. From 1980 to 1990, California's population grew at 2.3 percent per year and San Benito County grew at 3.9 percent annually, while the City of Hollister grew at a much faster rate of 5.4 percent per year. As of January 1, 1992, the City's population was estimated at 20,316<sup>2</sup> — a 78.5 percent increase from the 1980 population figure of 11,384. According to estimates developed by the City's Planning Department, it is expected that Hollister's population will grow to 24,443 in 1997. Whether Hollister's population can grow to this level, however, is open to question because of growing pressure on the local

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<sup>2</sup>Estimated by the Population Research Unit of the California Department of Finance.

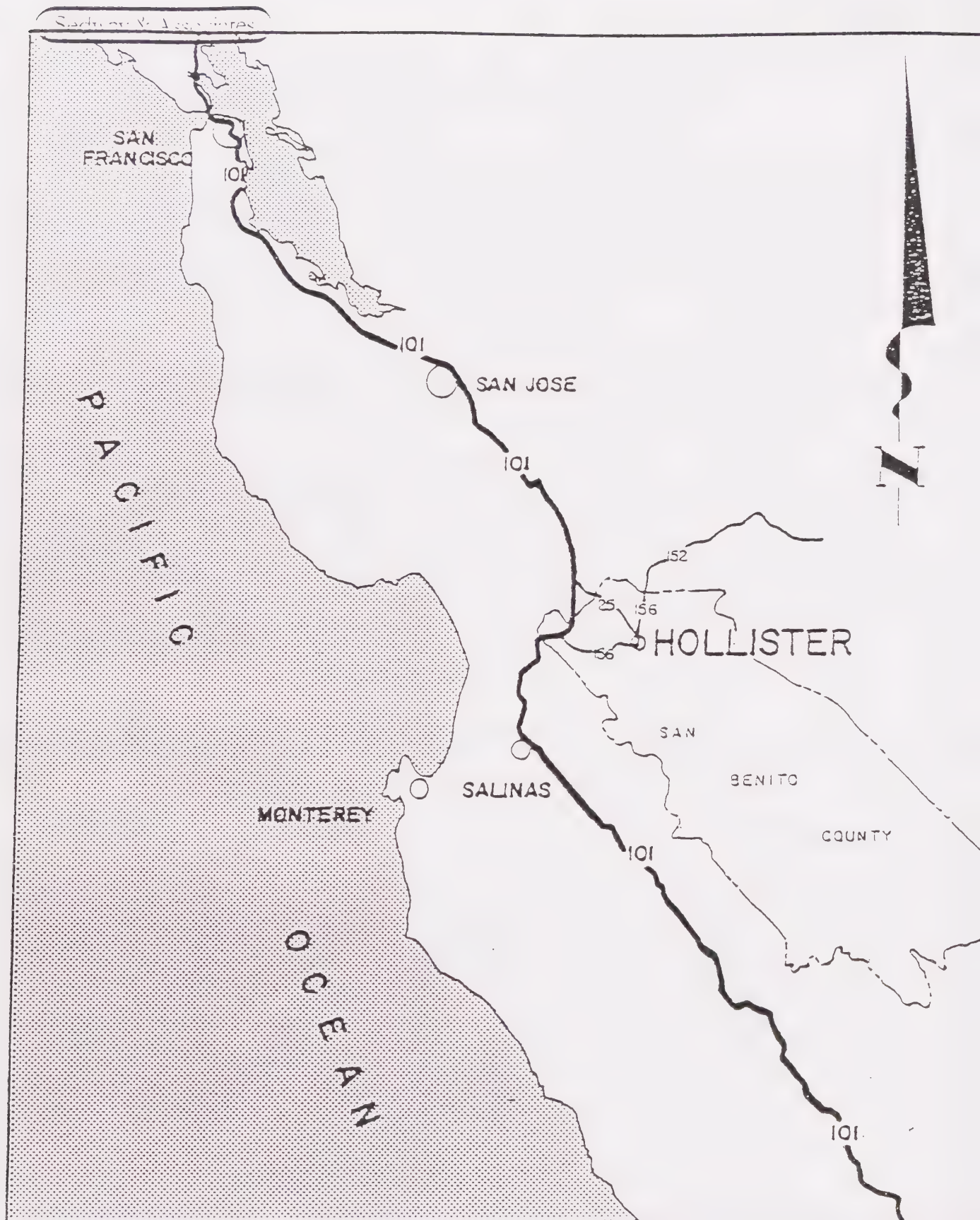


FIGURE 1  
REGIONAL LOCATION



infrastructure capacity that could jeopardize adequate future municipal service levels. (See Chapter IV of this report for further information on this issue.)

TABLE 2  
POPULATION GROWTH - 1980 TO 1990

	1980	1990	% Change 1980-1990
Hollister	11,384	19,212	68.8%
San Benito County	25,005	36,697	46.8%
California	23,668,145	29,760,021	25.7%
Source: U.S. Census for 1980, 1990			

Hollister has historically been the primary urbanized residential location in San Benito County. From 1970 through 1990, Hollister's share of the County population grew from 42 percent to nearly 51 percent. During this same period, Hollister captured nearly 60 percent of the population growth in the County.

It is clear that Hollister has seen very substantial growth. Its population has nearly tripled since 1970. The effects of such dramatic growth on demand for local housing are powerful, especially since much of the growth has resulted from relatively high income residents migrating from nearby counties in search of more affordable and amenity-rich housing.

### Household Data

*Household Size.* For purposes of looking at housing supply and demand, it is helpful to translate population projections into household projections. According to the 1980 U.S. Census, there were a total of 3,716 households in the City of Hollister at that time, or an average of 3.07 persons per household. By the 1990 U.S. Census, there were a total of 5,884 households, or an average of 3.22 persons per household.

As Table 3 shows, the number of persons per household has grown since 1980. Approximately 53 percent of households had three or more people in 1980, compared to 58 percent in 1990. This trend is inconsistent with household growth patterns found in the greater region, state and nation, where average household size has been decreasing. The increasing trend toward larger households in Hollister has significant implications for the type of units needed.

TABLE 3  
HOUSEHOLD SIZE

Household Size	1990		1980	
	Number	Percent	Number	Percent
1-person household	989	17%	744	20%
2-person household	1,505	26%	1,003	27%
3-person household	996	17%	636	17%
4-person household	1,121	19%	612	16%
5-person household	714	12%	360	10%
6 or more person household	559	9%	361	10%
TOTAL	5,884	100.0%	3,716	100.0%
Average household size:	3.22 persons		3.07 persons	
Source: 1990 U.S. Census, 1980 U.S Census				

If the population of Hollister reaches 24,443 people in 1997, as projected by the City's Planning Department, and if the household size remains at around 3.22 persons per household, there will be an additional 1,624 new households in the City, or an average of 232 new households per year from 1990 through 1997. (Group quarters population not included because it is negligible at this time.) In 1997 there would be 7,591 households, an approximate increase of 29 percent from 1990 to 1997.

*Households by Type.* According to 1990 U.S. Census data, 91 percent of Hollister's population were in family households, 7.7 percent were in non-family households, and 1.3 percent were in group quarters. There were 4,681 families — 78.6 percent of these were married couples, while 21.4 percent were other families.

*Ethnic Composition.* As shown in Table 4, according to the 1990 U.S. Census, Hollister's population is 56 percent Hispanic, 41 percent non-Hispanic white, 1.8 percent Asian (non-Hispanic), and the remainder African American, American Indian, Aleut or Eskimo. This is approximately the same as in 1980 (55 percent Hispanic, 42 percent non-Hispanic white, 2.2 percent Asian).



TABLE 4  
HOLLISTER - ETHNIC COMPOSITION

Ethnicity	Hispanic		Not Hispanic	
	Number	Percent	Number	Percent
White	4,396	40.8%	7,908	93.7%
Black	7	0.1%	81	1.0%
American Indian, Eskimo, Aleut	106	1.0%	81	1.0%
Asian	41	0.4%	345	4.1%
Other Race	6,226	57.8%	21	0.2%
<b>TOTAL</b>	<b>10,776</b>	<b>100.0%</b>	<b>8,436</b>	<b>100.0%</b>
Source: 1990 U.S. Census				

*Age.* Table 5 shows the age distribution in Hollister. The distribution is approximately the same as that of 1980, with one-third of the population under 18, nearly 60 percent in the 18-to-64-year-old category, and about one-tenth aged 65 and over.

TABLE 5  
AGE DISTRIBUTION

	1990		1980	
	Number	Percent	Number	Percent
Under 18 years	6,366	33 %	3,810	33 %
18-64 years	11,167	58 %	6,503	57 %
65 years and over	1,679	9 %	1,175	10 %
Total	19,212	100 %	11,488	100 %
	Median age: 28.2 years		Median age: 27.2 years	
Source: 1990 U.S. Census, 1980 U.S. Census				

## Incomes

Income levels in Hollister and the remainder of San Benito County have historically been strongly influenced by the agriculturally dominated economy of the area. More recently, the influx of residents who commute to jobs in other areas, such as Santa Clara County, has pulled the average income range upward.

The 1990 Census is the most recent comprehensive survey of household incomes in California. As noted, the U.S. Census data on the median household income in Hollister was \$32,857 in 1989. The median for Hollister was lower than the statewide median of \$35,798. Additional comparisons, to the whole of San Benito County as well as Santa Clara and Monterey counties, are shown in Table 6.

**TABLE 6**  
**MEDIAN HOUSEHOLD INCOMES, 1990 CENSUS**

Area	Median Household Income (1989 dollars)	Hollister as Pct. of:
Hollister	\$32,857	---
San Benito County	\$32,800	100%
Santa Clara County	\$57,700	57%
Monterey County	\$38,300	85%
State of California	\$35,798	92%
Source: U.S. Census of Population, General Social and Economic Characteristics, California, 1990		

## Employment

As can be seen in Table 7, over 73 percent of the local jobs in Hollister are in lower-wage industries, including agriculture, manufacturing, retail, and services sectors.



TABLE 7  
HOLLISTER - CIVILIAN EMPLOYED PERSONS 16 AND OVER

	Number	Percent
Agriculture, Forestry, and Fisheries	843	10.0%
Mining	13	0.2%
Construction	715	8.5%
Manufacturing	1,754	20.7%
Transportation	292	3.5%
Communications and Other Public Utilities	179	2.1%
Wholesale Trade	308	3.6%
Retail Trade	1,405	16.6%
Finance, Insurance and Real Estate	362	4.3%
Services	2,204	26.1%
Public Administration	382	4.5%
Total	8,457	100.0%
Source: 1990 U.S. Census		

As reported by EDD in its June 1992 *Annual Planning Information*, the San Benito County economy remains sluggish as the lingering recession continues. San Benito County is still experiencing the effects of the economic slowdown, with a 1991 unemployment rate of 17.2 percent. Employment in the County in 1992 will likely be lower than in both 1990 and 1991. The County will be particularly hard hit by the closure of a major food processing operation, the Tri-Valley Growers cannery in Hollister. Closed in August 1992, this plant had over 600 employees, generating an average of over 200 full-time equivalent positions throughout the year. Table 8 presents a summary of major Hollister employers.

TABLE 8  
MAJOR EMPLOYERS—CITY OF HOLLISTER  
1992

<u>Manufacturing</u>	<u>Total Employed (3)</u>
San Benito Foods (1)	600 +
Teledyne—McCormick Selph	460
Whittaker Ordnance	125
GraniteRock Co.	110
Cable Car Sunglasses	100
Casa De Fruta Orchards	100
Granite Construction	100
Safety Storage	83
California Metal Products	75
Semifab, Inc.	25
 <u>Non—Manufacturing</u>	
Hollister School District	400
County of San Benito	302
Hazel Hawkins Hospital	287
Gavilan College	240 (2)
San Benito JT Union High School	234
Ridgemark Golf & CC, Inc.	135
K & S Market	125
McDonald's Restaurant	108
K—Mart	105
Pay Less Drug Stores	102
City of Hollister	98

Notes:

(1) 100 permanent, 500 seasonal.

(2) Number includes Gavilan College employees based in Hollister as well as Santa Clara County.

(3) Figures based on actual number of people employed.



## HOUSING CHARACTERISTICS

## Type of Housing

As of 1990, there were 6,222 dwelling units in the City of Hollister, a 1,286-unit increase from January 1984 (the last period examined in the previous Housing Element) and a 2,162-unit increase from the 1980 U.S. Census figure of 4,060 units. The vast majority of the units in Hollister are single-family units. Table 9 details the breakdown in housing by type.

TABLE 9

HOUSING UNITS IN HOLLISTER  
BY NUMBER OF UNITS PER STRUCTURE

Type of Structure	Number of Units	Percent of Total
1 unit structure	4,513	72.5%
2 unit structure	155	2.5%
3-4 unit structure	727	11.7%
5+ unit structure	516	8.3%
Mobile home/trailer	221	3.6%
Other Units	90	1.4%
<b>Total</b>	<b>6,222</b>	<b>100.0%</b>
Source: 1990 U.S. Census		

As noted in Table 10, a total of 2,015 residential units were produced from 1983 through 1990. (An additional 219 units have been produced since 1990.) Of the 2,015 units, 741 were multifamily units.

TABLE 10  
CITY OF HOLLISTER  
BUILDING HISTORY 1983- JUNE 1992  
UNITS

Year	R-1 (SF)	R-2 (MF)	R-3,4 (MF)	PD (MF)*	Total MF	Total
1983 %	93 (42%)	14	31	32	127 (58%)	220
1984 %	164 (57%)	10	109	0	119 (43%)	283
1985 %	189 (50%)	4	185	0	189 (50%)	378
1986 %	141 (78%)	3	3	21	32 (18%)	173
1987 %	149 (81%)	2	10	24	36 (19%)	185
1988 %	212 (79%)	6	23	22	56 (21%)	268
1989 %	183 (64%)	30	41	32	103 (36%)	286
1990 %	143 (64%)	6	27	46	79 (36%)	222
1991 %	120 (94%)	4	3	0	7 (6%)	127
June 1992 %	50 (54%)	0	42	0	42 (46%)	92
Totals %	1,444 (65%)	84	529	177	790 (35%)	2,234
Average Annual %	152 (65%)	9	56	19	83 (35%)	235
*Planned Unit Development (R-3,4)						
Source: City of Hollister Planning Department, 1992.						



## Rentals and Owner-Occupied Units

Of the 5,896 occupied units in the City, 55 percent were owner-occupied in 1990 while 45 percent were renter-occupied. As would be expected, buildings of three or more units had the highest percentage of renters. Approximately 96 percent of all households in three-or-more-unit buildings were renters, compared to 92 percent in 1980. Only 31 percent of the households in single-family units were renters, and mobile home renters accounted for only 8.8 percent of all mobile home residents.

## Vacancy Rate

Vacancy rates are commonly used as an indicator of housing market activity in a given area. The individual vacancy rate for a community theoretically measures the health of the local housing market. The vacancy rate is the percentage of the total housing stock that is vacant and/or available for sale or rent at any one time. An overall vacancy rate of 5-6 percent is considered to be a "healthy" vacancy rate for both owner-occupied and rental units combined.

The 1990 U.S. Census data indicated a vacancy rate of 5.2 percent in Hollister. Vacancy rates outside Hollister were higher, suggesting that Hollister's housing market is relatively tight. San Juan Bautista, the only other incorporated city in the County, had a vacancy rate of nine percent, while the vacancy rate in the unincorporated part of the County was 7.9 percent.

## Overcrowded Units

A common method of measuring overcrowding is to compare the number of persons to the number of rooms in the unit. According to California state guidelines, overcrowding is defined as a household that has more than 1.01 persons per room (not including kitchens and bathrooms). In Hollister, the data collected from the 1990 U.S. Census show that 15.1 percent of all occupied units were overcrowded, or 888 units in total. Of these, about 22 percent (577) of the rental units were overcrowded, or 60 percent of the total overcrowded units. Of those, 30 percent (170) were found to be severely overcrowded (more than two persons per room). Of the owner-occupied units, 13 percent (417) were found to be overcrowded.

The problem of overcrowding for large families can be addressed by the construction of larger units. However, the overcrowding issue goes beyond family size to affordability issues. Even single individuals and small families may suffer from overcrowding. Due to limited income, they are often forced to double up with extended family members or non-relatives in similar circumstances. The housing element has several programs aimed at increasing the supply of larger rental units to help address the overcrowding issue.

## Age of Occupied Housing Units

The age of housing is an important characteristic of its relative condition as older units tend to be in greater need of repair. Many federal and state programs use age of housing to determine

housing rehabilitation needs. Typically, the useful life of major components of an average quality housing structure range from 20 to 30 years for such items as roofing, plumbing, landscaping, paving and electrical. When a housing unit is over 30 years old, the replacement or refurbishing of major components is an important factor in the ability of a community to provide safe and sanitary housing.

Recently constructed units constitute the greatest percentage of Hollister's housing stock. Approximately 58 percent of all units were built between 1970-1990, according to data from the U.S. Census. The next largest percentage of units, 27 percent, were constructed from 1940-1969, while 15 percent were built prior to 1940.

TABLE 11

## AGE OF OCCUPIED HOUSING UNITS, 1990 CENSUS

Date of Construction	Number of Units	Percentage of Total
1939 or earlier	876	15.0%
1940 - 1949	437	7.4%
1950 - 1959	575	9.8%
1960 - 1969	592	10.0%
1970 - 1979	1,168	19.8%
1980 - 1990	2,248	38.0%
Source: U.S. Census of Population, General Social and Economic Characteristics, California, 1990		

## Condition of Units

As part of its 1989 Community Development Block Grant (CDBG) application for housing rehabilitation funding, Hollister conducted a survey of the general condition of the City's housing stock. This survey evaluated all 1,482 units in the target older residential area. Since this area contains mostly units built prior to 1970, the condition of these units was considered to represent the greatest concentration of housing rehabilitation needs.

The CDBG survey showed that approximately 856 (58 percent) units were sound, 431 units (29 percent) were substandard and in need of major or substantial rehabilitation. Sixty-four units (4.3 percent) were found to be in need of only minor repairs, while another 49 units (3.3 percent) were found to be dilapidated and in need of replacement. This survey was excerpted from the City's 1989 CDBG application.



Following rebuilding of its Loma Prieta-damaged housing stock, the City in 1992 commenced on a new rehabilitation program. Approximately \$340,000 in federal/state and local funds are currently designated to be used for the rehabilitation of 20 low- and very-low-income units through the California Housing Rehabilitation Program for owner-occupants (CHRP-O) and the Redevelopment Agency. Future funding allocations are expected to support the rehabilitation of an additional 13 units per year.

To a lesser extent, the City will continue to utilize program income funds from two previously closed out Community Development Block Grant (CDBG) programs for the preservation of affordable housing. It is estimated that approximately \$50,000 in annual loan paybacks and interest payments will be made to the City for future deferred low-interest loans to low-income households.

In addition to the rehabilitation programs, the City of Hollister adopted a Downtown Strategy and Plan aimed at revitalizing the downtown more generally. The Hollister Redevelopment Agency will have primary responsibility for the implementation of the public aspects of the Plan. Key strategies include reconstruction and rebuilding earthquake-damaged buildings. Part and parcel of these efforts are plans for the future transition to non-industrial uses of older buildings (including housing), maximizing opportunities for in-town housing, and encouraging a retail/housing mix along San Benito Street. Steps to be undertaken by the City and Redevelopment Agency to encourage residential development include the issuance of grants, loans, and land write-downs; planning and finance.

### Housing Prices

According to the 1990 Census, the median home value for San Benito County as a whole was \$206,600, while the City's median home price was \$179,400. (According to the County Assessor, the median price for a home in the unincorporated area is approximately \$210,000; the median price is higher in the unincorporated area as a result of larger lots.)

The prices of new single-family homes in Hollister being built by major developers start at approximately \$160,000 for a 1,120-square-foot three-bedroom/two-bathroom house and rise to well over \$200,000 for larger units.

Table 12 illustrates median resale prices for units sold in San Benito County in 1992. While data were not available for Hollister alone, San Benito County data are quite similar for Hollister. The median selling price of a residential unit during this period was \$180,000. Of these, 95 percent were three- or four-bedroom units. In addition, 19 condominiums/townhouses sold at a median price of \$136,990.

TABLE 12  
MEDIAN RESALE PRICES - SAN BENITO COUNTY, 1992

Type of Unit	Median Price
2 bedrooms or less	\$147,500
3 bedrooms	\$179,950
4 bedrooms	\$189,970
5 or more bedrooms	\$332,500
Condominium/Townhouse	\$136,990
Total	\$180,000
Source: San Benito County Association of Realtors; data based on activity from January 1, 1992 through August 12, 1992.	

### Rental Rates

Based on 1990 Census data, the median gross rent in Hollister is \$546 per month for specified renter-occupied housing units (Table 13). Of the 2,614 units identified as renter-occupied, 30.6 percent were in the rent range \$300 to \$499 per month, and 37.6 percent were in the rent range \$500 to \$749 per month.

TABLE 13  
GROSS RENT - SPECIFIED RENTER-OCCUPIED HOUSING UNITS  
HOLLISTER, CA

Monthly Gross Rent	Number of Units	Percent
Less than \$200	86	3.3%
\$200-\$299	139	5.3%
\$300-\$499	801	30.6%
\$500-\$749	984	37.6%
\$750-\$999	429	16.4%
\$1000 or more	109	4.2%
No Cash Rent	66	2.5%
Total	2,614	100%
Median \$546		
Sources: 1990 Census; Sedway & Associates		



A survey of apartment rents listed in the local newspaper and several newer apartment buildings indicated typical rents for one-bedroom units rent of approximately \$475 to \$500. Two-bedroom units are currently renting for between about \$490 to \$720 per month, and three-bedroom units are renting for \$650 to \$800 per month. The majority of older and newer market-rate projects have been developed at R2 and R3 zoning densities.

## Housing Affordability

### *Owner-Occupied Units*

Based on the median selling price of existing and typical new home prices, only above-moderate-income households can afford to purchase a home in the County. Table 14 shows housing prices and payments that are affordable to different household income groups. The median home price of \$179,400 is clearly affordable only to those with above-moderate incomes. Approximately 28 percent of Hollister residents in 1990 could afford such a home.

Both Hollister and San Benito County experienced a tremendous increase in home values from 1980 to 1990, as indicated in Table 15. The sharp increase in housing values during the past decade may be attributable to upward pressures on price from strong demand by Santa Clara County workers seeking more affordable housing alternatives.

An area's housing affordability also can be defined by an index that measures the percentage of households that can afford to buy the area's median priced home.<sup>3</sup> For example, the median income in Hollister was \$32,857 in 1990. Assuming prevailing interest rates and a 20 percent down payment, the typical Hollister household could afford to buy a house for approximately \$139,688. Only 25 percent of the houses in Hollister are valued at or below that price according to the 1990 Census.

Finally, local housing affordability can be assessed by examining the number of households that are paying over 30 percent of their incomes toward housing. Based on the 1990 Census, 31 percent (3,261) of Hollister homeowners overpaid for housing, and 41 percent (879) of all lower-income homeowners overpaid for housing.

### *Rental Units*

Market-rate apartments are theoretically affordable to low-income, moderate-income and above-moderate-income households in Hollister. As Table 16 illustrates, the maximum affordable monthly rent for low- and very-low-income households, assuming that 30 percent of gross

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<sup>3</sup>The affordability index reflects the percentage of both new and existing homes sold during the year that were affordable, based on HUD standards, at prevailing interest rates by a household earning the area's median income.

TABLE 14  
AFFORDABILITY ANALYSIS: CITY OF HOLLISTER  
1990

Income Range (a)	Classification (b)	Max. Affordable Monthly Rent or Mortgage Pymt. (c)	Affordable Housing Price @20 Percent Down Payment (d)
Less than \$16,400	Very Low Income	\$410	— \$69,845
\$16,401 — \$26,240	Low Income	\$410 — \$656	\$69,845 — \$111,752
\$26,241 — \$39,360	Moderate Income	\$656 — \$984	\$111,752 — \$167,623
\$39,360 +	Above Moderate Income	\$984 +	\$167,623 +
City of Hollister	1990 Median Home Value (e)		\$179,400
	1990 Average Home Value (e)		\$187,287 (f)

## Notes:

(a) Income range based on HUD estimates for four person family living in Hollister.  
The 1990 Census median income in Hollister was \$32,857.  
The 1990 Census median income in San Benito County was \$32,800.

(b) Income classifications are based on HUD standards as follows:  
Very Low Income: Household income less than 50% of County median income.  
Low Income: Household income between 51% to 80% of County median income.  
Moderate Income: Household income between 81% and 120% of County median income.  
Above Moderate Income: Household income greater than 120% of County median income.

(c) The maximum monthly housing payment is calculated as 30% of gross income and does not include taxes, insurance or utilities.

(d) The maximum home price is based on a 30-year fixed rate mortgage at 8.0% and 20% down.

(e) Median home value based on 1990 census data.

(f) Based on Average Home Value with a mortgage.



Table 15  
Local Housing Cost Characteristics

	Median Home Value (1)				Ownership Affordability		
	1980	1990	Compound Growth Rate	Percent Change	Affordability Index (2)		Percent Change
					1980	1990	
City of Hollister	\$67,800	\$179,400	10.2%	164.6%	22.6%	25.0%	10.6%
San Benito County	\$74,100	\$206,600	10.8%	178.8%	24.3%	33.8%	39.1%
Monterey County	\$86,000	\$198,200	8.7%	130.5%	21.4%	31.5%	47.2%
Santa Clara County	\$107,700	\$289,400	10.4%	168.7%	21.6%	30.3%	40.3%

	Median Contract Rent (1)			
	1980	1990	Compound Growth Rate	Percent Change
City of Hollister	\$196	\$546	10.8%	178.6%
San Benito County	\$184	\$491	10.3%	166.8%
Monterey County	\$262	\$566	8.0%	116.0%
Santa Clara County	\$308	\$715	8.8%	132.1%

## Notes:

- (1) 1980 & 1990 U.S. Census; State Department of Finance (all amounts are in current dollars).
- (2) Home ownership affordability is calculated by determining the percentage of the population able to afford the median priced home. The "affordable home" price is calculated assuming loans of 80 percent loan to value, prevailing interest rates (13% in 1980 and 9.5% in 1990), a 30-year term, and payments that are no more than 30% of income. The affordability index represents the percentage of owner-occupied homes that were valued at or below the "affordable home" price, based on census data.
- (3) The "affordable rental" rate is calculated as 30 percent of median income. The rental affordability index represents the percentage of occupied rental units that were renting at or below the "affordable rental" rate.

Sources: 1980 & 1990 U.S. Census; State Department of Finance; National Association of Realtors;  
Sedway & Associates, April 1992.  
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TABLE 16  
AFFORDABLE RENT<sup>1</sup>  
LOW- AND VERY-LOW-INCOME HOUSEHOLDS

Income Category <sup>2</sup>	Number of Persons					
	1	2	3	4	5	6
Very Low Income	\$306	\$350	\$394	\$438	\$473	\$508
Low Income	\$490	\$560	\$630	\$700	\$756	\$813

<sup>1</sup>Assumes 30 percent of income is allocated to rent.

<sup>2</sup>Incomes derived from HUD 1992 figures for San Benito County Area (see Table 1).

income<sup>4</sup> is allocated to rent. Low-income households can generally afford only the low end of the range of market rents; however, based on typical rent levels charged at market-rate projects, very-low-income households are forced to pay more than 30 percent of their gross income on rent or live in deteriorated or "over-crowded" units (defined as more than 1.01 persons per room, excluding kitchen and bathroom). While the City's market-rate rental units are theoretically affordable to low-income households, the lowest rent units may not actually be occupied by the lower-income households. In fact, 36.4 percent (1,331) of renter-occupied households paid more than 30 percent of household income towards rent, and 59 percent of the lower-income renters overpaid for housing.

Hence, the City's affordable housing goal includes increasing the supply of units targeted to the very-low and low-income. Further, the City Housing Authority (which is administered by the Santa Cruz County Housing Authority) currently administers 264 Section 8 certificates to lower-income households. Recipients of Section 8 contracts pay 30 percent of income toward rent, with HUD paying the difference up to HUD fair market rents. Further, some lower-income households are accommodated at existing publicly assisted housing projects. These households would generally pay no more than 30 percent of their income toward housing.

## SUMMARY

With the considerable population growth and the increased demand for housing in Hollister, the households that appear to be in the greatest need of housing assistance are lower-income households, particularly very-low-income renters.

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<sup>4</sup>Income levels were derived from HUD's 1992 income limits (see Table 1).



### III. REGIONAL AND SPECIAL HOUSING NEEDS

This section identifies Hollister's need for housing based on regional demand factors, current affordability levels, termination of existing subsidized units, and special needs of underserved populations. The purpose of assessing these issues is to determine the direction of Hollister's housing policies and programs.

#### REGIONAL HOUSING NEEDS DETERMINATIONS

State legislation enacted in 1980 requires the determination of regional and local housing needs for persons of all income levels. For Hollister, the effort was conducted by HCD and the local Council of Governments (COG). HCD's determinations are based on market demand for housing, employment opportunities, land availability, commuting patterns, type and tenure of housing and the provision of a housing vacancy rate of 4.5 percent. These needs estimates were modified and adopted by the local COG in May 1992.<sup>5</sup>

Governmental Code Section 65584(c) gives all cities and counties 90 days to review and revise the determinations. The 1992 report was accepted by the City of Hollister.

State law requires local jurisdictions to make a sustained and serious attempt to meet the housing needs determinations identified. While State law mandates that local communities satisfy their housing demand (the total number of units needed to house the population), they must also seek to meet a share of the regional housing need of persons of all income levels, defined as persons within the area significantly affected by a jurisdiction's general plan. Housing elements, including the development or modification of existing housing programs, should consider the regional housing shares. According to HCD and the local COG, Hollister's share of projected regional housing needs for the January 1, 1991 to July 1, 1997 planning period is 1,945 units. These units are distributed by income category as follows:

Very low income	424 units (21.8 percent)
Low income	342 units (17.6 percent)
Moderate income	440 units (22.6 percent)
Above moderate income	739 units (38.0 percent)
Total:	1,945 units

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<sup>5</sup>HCD initially published a need for 2,948 additional units through July 1, 1997 in San Benito County, of which 1,674 units were to be developed in Hollister. The local COG placed a larger share of the County's need on Hollister. Thus, the adopted figures call for a Countywide goal of 2,948, with 1,945 units needed in Hollister.

The following represents the average number of units that would need to be constructed from 1991 to mid-1997 annually, by income category, in order to meet Hollister's share of projected regional housing needs:

Very low	65 units
Low	53 units
Moderate	68 units
Above moderate	114 units

Total Average Annual Construction Needed: 300 units

It is important to note that, while there is ample land available to meet the City's housing construction goals, several factors outside the City's control may make it difficult to achieve the numerical targets. First, the current national recession has severely reduced new housing construction in general, and sources of financing are scarce for even seemingly risk-free projects. Second, the City of Hollister faces the added constraints of the relatively limited income of its residents, limited local resources, and the lack of significant affordable housing development activity by the private sector. Third, budget cutbacks have forced a reduction in the City's staff of about 18 percent, and constrained growth in the City's police and fire departments. Such cutbacks serve as an additional constraint to future development.

However, the City does have the relative advantage of an adequate supply of available vacant or underutilized land, although the projected annual housing production of 300 units per year is significantly above the 209 units per year averaged from 1986 through mid-1992. Further, over the last several years, the Redevelopment Agency has accumulated tax increment revenues in its housing set-aside program. These resources are supporting the production of 272 very-low- and low-income units during 1992 and 1993, and the preliminary 1992-1994 Redevelopment Housing Program calls for assisting 600 additional affordable units.

Finally, the programs outlined in this document offer additional means of making a good-faith effort to achieve these numerical goals. While the City cannot directly mandate that housing be developed, the programs outlined in the Housing Element, and financial support offered through the Redevelopment Agency, are aimed at increasing the private and non-profit production levels.

During the period 1991 to mid-1992, 219 units were built in the City of Hollister, of which 42 were affordable to very-low- and low-income households. Thus, Hollister's regional share for the remaining five years of the planning period is 1,726 units, or 345 annually. As noted above, the Redevelopment Agency-supported projects alone will bring the City close to achieving its affordable housing production goals.



## SPECIAL NEEDS GROUPS

Several groups identified in Hollister have special housing needs. These groups include handicapped, elderly, female-headed households, large family households, households on fixed incomes, farmworkers, and the homeless. Some of these may overlap, for example, female-headed, elderly households.

The following sections address each special needs group's circumstances and attempts to quantify housing needs.

### Elderly Households

Hollister has 1,124 householders 65 or older, according to the 1990 U.S. Census, representing 19 percent of total households. This is down from 20 percent in 1980. Elderly residents may have special housing needs in terms of affordability (due to their often fixed incomes) and design (due to their physical limitations).

The majority of Hollister's senior households are homeowners. As shown in Table 17, 71 percent of the households with one or more persons 65 years or older are owner-occupied. This compares to 55 percent home ownership city-wide. As many of the homes occupied by the elderly were purchased many years ago, the ongoing debt service is limited; however, ongoing maintenance costs can be particularly onerous, especially for lower-income homeowners. In Hollister, 18 percent of senior homeowners (140) pay more than 30 percent of their household income for housing costs. Of the elderly renters, 198, or 63 percent, are overpaying for housing. These figures demonstrate the great need for more affordable housing options for senior renters.

TABLE 17

#### HOUSEHOLDS WITH ONE OR MORE PERSONS 65 YEARS OR OLDER

Jurisdiction	Owners	Renters
Hollister	779 (71%)	314 (29%)
San Benito County	1,697 (80%)	422 (20%)
Source: 1990 U.S. Census.		

Existing services and housing targeted to the elderly include the following:

Two housing developments in Hollister, subsidized through the Farmers Home Administration and the Redevelopment Agency, will add 76 rental units specifically designated for disabled

persons and low-income seniors. The Alpha Group's Prospect Villa II has 42 units, and Prospect Villa III will provide an additional 30 units in 1994.

As an indication of demand, there are currently about 90 people on the waiting list for Prospect Villa. Turnover at the building averages one unit per year or less, according to the manager, Ms. Jerry Eason. Hence, Prospect Villa III will help to fulfill a significant demand for local senior housing.

Additional housing services targeted to senior homeowners include:

- The City of Hollister sponsors a Housing Rehabilitation Program. The purpose of this program is to provide deferred loans (to be repaid upon change of ownership) for property repair, deferred maintenance and bedroom additions in cases of overcrowding. Lower income homeowners in the City of Hollister are eligible to receive funds through this program. Although this program is not strictly geared towards the elderly, City officials report that elderly homeowners make up one-third of the total households subsidized through this program.
- Jovenes de Antaño is a private, nonprofit organization dedicated to aiding the elderly of San Benito County. Assistance is provided through home delivery meals, congregate meals, in-home medical support, shopping assistance, health insurance, counseling, and Alzheimer's day care.

Given the large demand for affordable rental units for the elderly, the City will continue to support such development. Further, as described in the Program section, other efforts to improve housing conditions for the elderly include continued cooperation with the Alpha Group, a successful developer of senior housing units.

Based upon the above profile, the housing programs that address the most apparent housing needs of the elderly homeowners include low-cost rehabilitation loans, a home sharing program to provide roommates to senior homeowners in need of additional income or some form of in-kind assistance, and the continued production of second units.

### **Female Heads of Families with Minor Children**

Compared with other household types, female-headed households have lower home ownership rates, are younger, have lower incomes, and pay a higher percentage of their income for housing. Because many female-headed households have one wage earner and dependent children, they have unique housing needs.

The 1990 Census reported that there were 768 female-headed households in Hollister. This represents 13.1 percent of the total households. Of those, 70 percent live below the poverty line. In 1990, 2,014 people in the County (City data are not available) received assistance from Aid to Families with Dependent Children (AFDC). Eight hundred of these were 16 years of age or

older. Of the 800 people receiving AFDC, 640 (80 percent) were female.<sup>6</sup> Based on the 1990 Census, approximately 230 of the 436 family households living at or under the poverty level are female-headed households.

While data on large families headed by women were not available from the Census, discussions with local service providers indicate that there is a significant overlap between the two special needs groups. The pastor of The Church on San Juan Road, the primary homeless shelter in the City, noted that most of the homeless families with children are headed by women.

The housing needs of those households often center around affordability and proximity to schools, day care centers and recreational facilities. Innovative shared living arrangements featuring shared cooking, laundry and child care facilities may be especially appropriate to meet the needs of female-headed households.

The City will encourage non-profit organizations to develop larger-unit affordable housing projects by dedicating a portion of Housing Set-Aside Funds, and other mechanisms, for future projects.

### Large Families/Households

The 1990 Census revealed that nearly 22 percent of the households in the City, or approximately 1,250, have five or more members, up from about 20 percent in 1980. Of these, 56 percent (704) are owner households, and 44 percent (546) are renter households. Large families may have difficulty locating adequate housing due to the number of rooms required. Further, large families with limited incomes may be forced to live in housing with insufficient rooms due to the prohibitive costs of larger units.

The average number of persons per renter-occupied household, according to the 1990 Census, was 3.18. Broken down by ethnicity, the average number of persons is 3.67 for Hispanics, 4.21 for Asians, 2.76 for Caucasians, and 2.47 for African Americans. This suggests that most of the larger households are minority households.

The Census figures do not indicate how many of these large households actually live in the large units. There are likely many large households who cannot afford to rent or buy as much housing as they need. However, by way of example, if one-half of the overcrowding found in renter and owner households (page 14) is attributable to larger families, this would suggest a need for 45 larger for-sale units and 60 larger rental units.

The programs to promote larger affordable units, discussed in the section on female heads of households, also applies to the City's larger lower-income households.

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<sup>6</sup>California Employment Development Department, *Annual Planning Information*, San Benito County, Table 2, p. 37, San Francisco, California.



## Overcrowding

According to the U.S. Department of Housing and Urban Development (HUD), overcrowding occurs when the ratio of people to rooms exceeds 1.01 (excluding kitchens and bathrooms). The 1980 Census indicated that in Hollister 522 units were overcrowded, or 13 percent of all occupied housing units. In comparison, in 1990, 888 units, or 15.1 percent of all occupied housing units, were overcrowded.

The number of overcrowded households is partially a reflection of the number of families and individuals (particularly renters) who are forced to form large households to reduce their housing costs. This trend is becoming more common among female-headed households with children because it is more affordable to share a house with another family than to rent a two or three bedroom apartment.

## Farmworker Households

Agriculture is one of San Benito County's main industries.<sup>7</sup> Major crops include bell peppers, celery, garlic, lettuce, onions and tomatoes; total farmland includes about 25,000 acres. Agricultural workers' average earnings ranged from \$4.50 to \$4.75 per hour in 1991. It should be noted that agricultural labor does not constitute full-time employment; workers are paid only when they are cultivating or harvesting crops. Peak season for farm labor may be defined as the beginning of July through mid-October annually. Some farmworkers leave the area when work is not available; others live in San Benito County throughout the year and work only on a seasonal basis or seek other part-time employment when agricultural-related work is not available.

Farmworkers are considered a special needs group because the income earned is generally low, job skills are limited, the periods of labor are often seasonal, and the need for housing varies from transitory to permanent. There are three types of farmworkers: full-time, seasonal, and migrant. Full-time farmworkers have full-time employment throughout the year irrespective of seasonal fluctuations in demand for labor. Seasonal farmworkers include those that reside in the City or County but may work only during all or a portion of the harvest of one or more crops. Seasonal workers who are also residents may seek other temporary work in the off-season and may have difficulty finding affordable housing as employment is sporadic and low paying. Migrant farmworkers arrive during the cultivating or harvesting of crops and leave when work is not available. Generally, a migrant laborer will seek housing in a labor camp, or rentals, or resort to vehicles, overcrowded conditions, or substandard facilities if there are insufficient migrant labor facilities. In addition, a portion of the farmworkers may be documented and undocumented foreign workers that migrate to the area during the harvest season and then leave. Some foreign workers may stay because they lack sufficient funds to return home.

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<sup>7</sup>San Benito County, *Affordable Housing Needs Study*, 1991.

*Number of Farmworkers*

The number of agricultural workers in Hollister totaled 843, or 10 percent of the labor force per the 1990 Census. But the level of farmworker employment is not steady throughout the year. In fact, the exact number of permanent, seasonal and migrant laborers is difficult to determine. The peak employment period for seasonal and migrant laborers is from July through mid-October.<sup>8</sup> During 1991, the California Employment Development Department estimates farm employment in San Benito County averaged 2,700 wage and salary employees. This level rose from an estimated February low of 1,175 workers to a July high of 5,250 workers.

Assuming Hollister's farmworker population increases at about the same rate as the County, the peak number of farmworkers would be about twice the April rate, or about 1,700. In San Benito County, it is estimated that 49 percent of the peak agricultural labor force is local, 39.3 percent is intrastate, and 11.3 percent is interstate.<sup>9</sup> If these percentages hold true for Hollister, then 413 of Hollister's 843 agricultural workers are local, 331 are intrastate, and 95 are interstate.

It is important to note that farmworkers seek traditional rental housing near their place of employment. For these households, affordability and adequate unit size are of primary importance. Others, particularly seasonal and migrant workers, may seek housing in a labor camp.

*Number of Farmworker Housing Camps*

A labor camp is defined as a facility with five or more agricultural employees. The type of labor camp can vary from a house to a facility with multiple units. Two facilities in Hollister have a capacity to house 106 persons. The Office of Migrant Workers houses 64 farmworkers and the FHA houses 42.

Accurate counts of the under-housed and homeless in the agricultural worker population are difficult to determine for several reasons. First, farmworker housing encampments, usually established in the more rural areas of the County, are often difficult to locate. Also, farmworkers fearing deportation are not likely to come forward and identify themselves. According to the County's Affordable Housing Needs Study, there are legal farmworker units to accommodate only 481 farmworkers or farmworker families.

*Profile of the Farmworker*

Until recently, few data were available on the profile and housing conditions of farmworkers located throughout the state. A study published in 1988 by HCD found that:

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<sup>8</sup>Employment Development Department, *Annual Planning Information, San Benito County*, June 1991, San Francisco, California.

<sup>9</sup>State of California Employment Development Report 881-M, January 1984.

"A majority of migrant farmworkers who do not live in government-sponsored labor camps live in seriously substandard conditions. The most common of these conditions is severe overcrowding. . . . These conditions are found consistently throughout the areas of the state which have significant numbers of seasonal agricultural production. Seriously inadequate housing conditions are found extensively among both single migrant workers and migrant farmworker families. . . . Migrant workers consider housing conditions to be a major problem for themselves.<sup>10</sup>

In 1989, the Rural California Housing Corporation (RCHC) conducted one of the only comprehensive assessments of the housing needs of farmworkers in Napa County. While this study did not examine farmworker housing needs and characteristics in the San Benito County area, its general conclusions and findings are relevant. Farmworkers elsewhere in Northern California face many common needs and perform similar work under comparable conditions.

Two surveys were conducted in Napa County to gather information on agricultural workers' housing conditions: an in-field survey of farm laborers and a grower survey. Based upon the findings of the farmworker survey, about half the people are employed in agriculture year round. Approximately 32 percent are categorized as seasonal workers (working less than nine months per year in agriculture, but considering Napa County their year-round place of residence), and approximately 15 to 18 percent are migrant workers, or workers that travel over 50 miles from their home base and establish a temporary residence for a limited period of time such as the harvest season.

Most farmworkers (98 percent) were found to be men. The median age was 32. Their median household income was \$10,000. This represents less than one-third of the City of Hollister's median income. Average household size was found to exceed seven people for migrant worker households and 5.8 per unit for permanent workers. This compares to 3.22 persons per household in Hollister.

In terms of housing affordability, a striking finding was that more than 70 percent of all farmworkers surveyed were paying more than 30 percent of their income for housing costs, and more than 35 percent were paying more than half their income for housing.

In summary, farmworkers generally earn very low incomes, live in overcrowded units, and pay a disproportionate share of income for housing.

### **Disabled Persons/Households**

The typical housing unit may not be designed for the special needs of the handicapped. Lack of ramps, wide doors, lower cabinets, and grab bars in the bathrooms may limit opportunity for

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<sup>10</sup>"Migrant Farmworker Housing in California," State Department of Housing and Community Development, 1988.



housing. Disabled (either developmentally or mentally) persons may require some level of supervision for housing.

Roughly four percent of the City's population (an estimated 785 persons 16 years and older) are prevented from working due to disability. Although not all persons with work disabilities require special housing, those with severe mobility constraints require specially designed units, located near transportation, shopping and services. The City currently enforces all handicapped building standards set forth in the most recent Uniform Building Codes.

An estimated 386 blind or disabled people in the County received Supplemental Security Income in 1990, of whom 90 percent are adults.<sup>11</sup> Further, there are an estimated 91 disabled students in the City of Hollister.<sup>12</sup>

Currently, there are no housing facilities targeted for the mentally disabled in the City or the County. Those who need to be placed in supervised housing can be placed in nearby counties through the San Andreas Regional Center in Watsonville. Robertson House, a home for the developmentally disabled, is located in downtown Hollister. The six occupants of the house are supervised but have the opportunity to live relatively independently. The residence is supervised by the San Andreas Regional Center. Discussions with administrators of Hope Rehabilitation Services, located in northern Hollister, indicate demand for an additional six to eight beds for housing in Hollister.<sup>13</sup>

### Homeless

Based on the 1990 Census, Hollister's homeless population is estimated to be 81, with 69 in shelters and 12 on the street. This is likely a conservative estimate. Discussions with the pastor who operates the Church on San Juan Road, the primary homeless shelter in Hollister, indicate that they accommodate a peak of at least 100 in the summer and approximately 60 homeless people in the winter. The population at the Church on San Juan Road shelter was as high as 250 after the Loma Prieta Earthquake.

During site visits conducted by San Benito County in early 1992, about 21 of those at the shelter were in families, and 35 were single males; many were unemployed at the time. At present, according to those who operate the shelter, about 20 of the homeless appear to be local Hollister

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<sup>11</sup>California Employment Development Department, *Annual Planning Information 1992*, Table 3, p. 40, San Francisco, California.

<sup>12</sup>Ms. Terry Toledo, Office of the Superintendent, San Benito County Office of Education, September 1992, Hollister, California.

<sup>13</sup>Telephone communication with Sally French and Marion Wyatt, Hope Rehabilitation Services, September 1992.

citizens (not transient). Approximately 20 families, mostly female-headed with children, are also housed at the shelter. The remainder of those at the shelter are migrant farmworkers.

The number of farmworkers occupying the shelter peaks in the summer at harvest time. Lack of migrant labor camps contribute to the high summer demand placed on this shelter by farmworkers.

For now, there appears to be sufficient space for the homeless in Hollister to sleep. The most pressing need indicated by those operating the shelter was for additional shower/bathroom facilities and for more kitchen and meal-preparation facilities. The demand currently placed on these facilities at the Church severely strains the existing supply. Furthermore, the Redevelopment Agency will be sponsoring the rehabilitation of a 32-unit SRO in the downtown.

The demand for homeless prevention programs may be unusually high in the program period because of the closure of the Tri-Valley Cannery, which resulted in the elimination of over 600 jobs. Many of the workers at this plant were seasonal and semi-skilled. A wide variety of services for homeless persons and prevention programs exist in San Benito County. These are outlined in some detail in Appendix A.

## TERMINATION OF FEDERAL HOUSING SUBSIDIES

### Preservation of Assisted Affordable Housing Units

Given the current demand for affordable housing in Hollister, it is particularly critical that all existing subsidized housing units be conserved. This section of the Housing Element responds to recent State legislation for preserving assisted multifamily rental housing developments. The State legislation was adopted as Chapter 1451, Statutes of 1989, which amended Section 65583 of the State of California Governmental Code. The State law requires that each city and county provide an analysis and programs for preserving assisted rental housing developments during a ten-year period. The analysis and programs must be updated every five years, at the same time the other sections of the locality's housing element are updated. For the City of Hollister, the current preservation analysis period is July 1, 1990 to July 1, 2000.

Approximately 117,000 Federally subsidized low-income rental housing units in California are in jeopardy of changing from affordable to market rate, due to private owners' option to prepay their 40-year contracts and/or terminate subsidies and rent restrictions with HUD<sup>14</sup>. As illustrated in Table 18, the 115-unit One Hollister Plaza is the only subsidized housing development in Hollister subject to termination during the planning period ending July 1, 1997. There are no additional units subsidized through state or local programs that are at risk during the coming decade.

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<sup>14</sup> California Housing Partnership Corporation, February 1990.

TABLE 18

INVENTORY OF LOW-INCOME RENTAL UNITS IN HOLLISTER  
SUBJECT TO TERMINATION OF FEDERAL MORTGAGE AND/OR RENT SUBSIDIES  
BY THE YEAR 2000

Project Name Location	Owner Name	FHA Project # Section of Act Owner/Tenant Type	Loan Amount	Section 8 Contract # Program/Finance Type Section 8 Type	Total Units Total Elderly		Earliest Date of Subsidy Termination*	
					FHA	Sec. 8	FHA	Sec. 8
1 Hollister Plaza 850 Hillcrest Rd., Hollister, CA 95023	Eugene Burger Mgmt. 481 Via Hidalgo Greenbrae, CA 94904	12144268 236(J)(1) LD FAM	\$2,013,000	CA39M000166	115	23	9/13/94	3/19/92
				EXISTING LMSA August 19, 1982	0	0	(+20)	(+5)
				CA39M000121	115	25	9/13/94	3/7/93
				EXISTING LMSA August 7, 1978	0	0	(+20)	(+0)
Total Units					115	25		
* Based on project status 3/89. Numbers in parentheses indicate years of subsidy still remaining at earliest date of termination.								
Source: California Coalition for Rural Housing Project; Sedway & Associates 3/89.								

Although the owners of One Hollister Plaza have not yet indicated their intentions, a credible non-profit housing developer, South County Housing of Gilroy, California, has expressed a strong interest in purchasing this property and maintaining its affordability, should it be for sale. The City will monitor the subsidized project to ensure that the 115 units are conserved as affordable over the long term. Given the importance of these units and the high cost of replacing the units with new construction, the City will make the project's ongoing affordability a top priority, providing redevelopment funds to assist in the purchase of the development if the owners choose to sell it.

### Cost of Replacing and Preserving At-Risk Units

The cost of replacing these 115 units would average approximately \$79,000 per unit based on the following assumptions: \$10,000 for land, \$50,000 for construction (900 square feet at \$55/square foot), \$15,000 for site improvement, and \$3,900 for sales and marketing. If the estimated \$13,000 in profit per unit is excluded, the total cost for replacement would be \$92,000 per unit, or \$10,568,500 for all 115 units.

The cost of preserving these units as affordable would be considerably less than developing a new project. Not only would the market value of each unit be less than the cost of new construction, but under the Federal Low Income Housing Preservation and Resident



Homeownership Act of 1990 (LIHPRHA), HUD will provide financing to assist with the project's transfer. Based on regulations promulgated under LIHPRHA in April 1992, HUD will provide financing assistance in the form of rental incentives and acquisition loans up to 95 percent of equity. Further, as discussed below, the City has identified several potential sources of financing to preserve the units as affordable.

## PRESERVATION FINANCING SOURCES

This section provides a brief summary of the existing public financing sources available for the preservation of affordable housing units at risk of conversion to market rate. For any developments at risk of conversion to market rate beyond the 10-year analysis period, this list of financing sources represents a sample of the type of programs that may be available during the time of potential conversion.

### Federal Sources

#### Low-Income Housing Preservation and Resident Homeownership Act

The Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) sets forth guidelines for providing financing "incentives" to owners of federally assisted housing projects.

The purpose of LIHPRHA is to prevent the prepayment of federally assisted mortgages, extend existing low-income use restrictions, and prevent displacement of low-income residents. The only projects eligible under LIHPRHA are Section 236 and Section 221(d)(3) projects of the National Housing Act. Financing incentives offered to owners or purchasers of projects that are covered by LIHPRHA include increased access to residual receipts, increased Section 8 rents, capital improvement financing, insured equity take-out financing, and others.

The 115-unit One Hollister Plaza development is the only project in Hollister with subsidy contracts that fall within the LIHPRHA eligible projects guidelines.

#### Section 8

Federal legislation guarantees five-year extensions of all project-based Section 8 certificates. However, even if a project has project-based Section 8 certificates, there is no assurance that the federal government will continue automatic five-year extensions at the time of expiration.

### State Financing Sources

There are currently no State financing sources available that directly address the problem of affordable housing units at risk of converting to market rate units. The California Housing Finance Agency (CHFA), however, is currently working with HUD to provide long-term mortgage

financing (241F take-out loans) for preserving at-risk affordable units and potential acquisitions through a pooled bond program.

### Local Resources

The City of Hollister's primary local source of long-term funding for preserving affordable housing is the Redevelopment Agency's Housing Set-Aside Funds. The Redevelopment Agency projects that tax increments will generate approximately \$5,975,099 from fiscal year ending 1991 to 1997 for the Fund. A funding priority is the preservation and acquisition of sites for affordable housing development.

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#### IV. AVAILABLE SITES AND CONSTRAINTS ON HOUSING DEVELOPMENT

This section provides information on the City's inventory of vacant land potentially available for housing and identifies those governmental and nongovernmental factors unique to the community that inhibit the development, maintenance, or improvement of housing.

##### POTENTIAL LAND AVAILABLE FOR HOUSING

A land inventory provides crucial data to compare Hollister's residential holding capacity with the City's new construction need. Table 19 summarizes Hollister's inventory of currently vacant land with proposed developments. Table 20 shows an inventory of vacant land that currently has no proposed plans for development. Vacant land within the City's limits, for which there are proposals for development, totals 700 acres with 3,556 proposed units. Vacant land without development proposals totals 95.48 acres with a potential buildout of 898 units, for a total development capacity of 4,454 units, of which 1,233 are designated multifamily. Including all of the vacant land, the City of Hollister clearly possesses more than sufficient land to fulfill its share of regional housing needs over the course of the planning period.

With the exception of the affordable units to be assisted by the Redevelopment Agency (see Appendix Table D-2), the vast majority of other proposed projects are market rate. Westside Village 4 has four units designated for moderate-income households, Christopher Estates has 14 units for moderate income, and the Sunnyslope Village project has 44 units earmarked for moderate-income families, for a total of 62 units.

TABLE 19  
VACANT LAND INVENTORY - CITY LIMITS  
WITH PROPOSED DEVELOPMENTS

Site	Acres	Units	Zoning	Notes
1. Katie Lane	4.12	20	R-1	Proposed Project
2. Gabriel/South St.	4.31	22	R-1	Proposed Project
3. Westside Village 4	9.00	48	R-1	Approved Project, Allocations Granted 4 (M)
4. Sanchez/South St.	19.70	103	R-1	Proposed Project
5. Eden West	18.46	81	R-1	Approved Project, Allocations Granted
6. Bianchi/South St.	6.95	30	R-1	Proposed Project
7. Sywak-Line St.	5.0	31	R-1	Approved Project, Allocations Granted

Site	Acres	Units	Zoning	Notes
3. Postigo-Line St.	3.31	18	R-1	Approved Project, Allocations Granted
9. Maple Court	1.54	7	R-1	Approved Project, Allocations Granted
10. Rustic Estates - Single Family	2.08	14	R-1	(DB) (L) Approved Project Allocations Granted Affordable
11. Rancho Santa Ana	15.66	81	R-1	Approved Project, Allocations Granted
12. DKB/Koch Santa Ana	38.71	185	R-1	Approved Project, Partial Allocations Granted
13. Browder/Chappell Rd.	16.30	102	R-1	Proposed Project
14. Palmtag/Cienega	2.66	10	R-1	Proposed Project
15. Cottages	4.52	47	R-3	Proposed Project, Partial Allocations Granted
16. Hollister Center	6.01	58	R-2	Proposed Project
17. Christopher Estates	6.22	52	R-2	Approved Project, Partial Allocations Granted 14 (M) (DB)
18. Sherwood Forest	10.38	51	R-1	Approved Project, Allocations Granted, Partially Affordable (L)
19. Hillcrest Gardens	10.61	92	R-2, R-3	32 R-2, 60 R-3 units 5.21 R-2, 5.4 R-3 acres
20. Rancho Park 1 & 2	4.85	62	R-2	Approved Project, Allocations Granted, Affordable (L,VL)
21. Southridge PD	8.51	67	R-3	Proposed Project
22. Southside Estates 3	7.29	24	R-1	Approved Project, Allocations Granted
23. Southside Estates 4	28.62	103	R-1	Proposed Project
24. Kelly Ranch	28.10	105	R-1	Approved Project, Partial Allocations Granted
25. Maletti/Southside	10.00	43	R-1	Approved Project, Partial Allocations Granted
26. Tsai/Airline Hwy.	14.67	65	R-1	Proposed Project
27. California Sunset	36.04	167	R-1	Approved Project, Allocations Granted
28. Parkside Manor 4 & 5	18.12	79	R-1	Approved Project
29. Sunnyhaven	7.22	29	R-1	Approved Project, Allocations Granted
30. Las Brisas Estates	6.46	29	R-1	Approved Project, Allocations Granted

Site	Acres	Units	Zoning	Notes
31. Las Brisas Estates	8.61	80	R-3	Proposed Project
32. Los Altos Estates	9.01	31	R-1	Approved Project, Partial Allocations Granted
33. Sunnyslope Villages	99.59	442	R-1	44 (M) Approved Project, Partial Allocations Granted
34. Walnut Park 3	12.73	62	R-1	Proposed Project
35. Walnut Park 11	2.50	12	R-1	Approved Project, Allocations Granted
36. Walnut Park 12	3.50	22	R-1	Approved Project, Allocations Granted
37. Walnut Park 13	12.10	54	R-1	Proposed Project
38. Walnut Park/Westside	14.00	59	R-1	Approved Project, Partial Allocations Granted
39. Walnut Park/Westside II	14.62	77	R-1	Proposed Project
40. Crestview Estates	34.80	147	R-1	Approved Project, Partial Allocations Granted
41. Valley View Estates	100.00	475	R-1	Proposed Project
42. Brigantino	4.99	17	R-1	Proposed Project
45. Rustic Estates - Multifamily	1.67	19	R-3	Approved Project, Allocations Granted Affordable (VL)
46. Prospect Villa III	1.50	30	R-3	Approved Project, Allocations Granted Affordable/Senior (DB)
47. Verissimo/Sunnyslope	15.59	84	R-1	Proposed Project
48. Pagano/Sunnyslope	9.10	108	R-3	Proposed Project
49. Sanchez-Hawkins Street	0.75	12	R-3	Proposed Project
Totals, by Zoning				
R1	638.13	2,929		
R2	22.29	204		
R3	40.06	423		
Total	700.48	3,556		
(M) = moderate income; (L) = low income; (VL) = very low income; (DB) = Density Bonus program used. Source: City of Hollister Planning Department.				



TABLE 20  
VACANT LAND INVENTORY - CITY LIMITS  
WITHOUT PROPOSED DEVELOPMENTS

Planning Area/Zoning	Acres	Potential Number of Units
Planning Area 1		
R-1	15.80	79 units @ 5 units/acre
R-2	8.00	64 units @ 8 units/acre
Planning Area 2		
R-4	22.74	455 units @ 20 units/acre
Planning Area 4		
R-3	3.10	43 units @ 14 units/acre
Planning Area 5		
R-1	1.50	8 units @ 5 units/acre
R-3	3.14	44 units @ 14 units/acre
Planning Area 6		
R-1	41.00	205 units @ 5 units/acre
Totals, by Zoning		
R-1	58.50 acres	292 units
R-2	8.00 acres	64 units
R-3	6.24 acres	87 units
R-4	22.74 acres	455 units
Total	95.48 acres	898 units
Source: City of Hollister, Planning Department.		

## GOVERNMENTAL CONSTRAINTS

The California Legislature has delegated to local governments specific responsibilities and a certain amount of discretionary authority over the development and use of land. Through land use controls, building codes and development review procedures, requirements and fees, cities influence the location, density, type, number, quality and appearance of housing units within their jurisdiction. These actions, in turn, affect the cost and availability of housing not only within their boundaries but in the region as a whole. The section analyzes the City of Hollister's development review and approval process to ascertain its impact on the City's ability to respond to its housing needs.

Governmental constraints may generally be divided into land use and development controls (such as zoning, subdivision, and growth management policies), building codes, development impact fees and other exactions required of developers for project mitigation, and development processing and permit approval procedures. The purpose of regulatory constraints, which are mostly introduced by local government in response to State and Federal mandates, is to protect public health and safety. Also, many ordinances and procedures are local in origin and reflect

the desired quality of life values and objectives of the area's residents. Other requirements reflect mitigation measures necessary for compliance with the California Environmental Quality Act. The following describes government constraints that may affect the cost of housing in Hollister.

### Land Use and Development Controls

Land use and development controls determine the amount, type, and location of housing. The primary policy tool for promoting a balanced use of land and resources is through the City's General Plan. The General Plan establishes an overall framework for the development and conservation of land in the City, principally through the land use element. State law divides the required content of a general plan into district elements and requires that the General Plan be designed as a balanced, integrated document that is internally consistent. Residential land use is one consideration of the plan, and housing is one of a number of issues the City must address. The Housing Element has a direct relationship to the other General Plan elements. Each of the relevant elements is discussed briefly below.

The Land Use Element designates locations and intensity for all types of land uses, including residential development. Allowing for a range of densities and housing types is vital to the provision of housing. Most important for affordable housing are areas designated for medium- to high-density single-family dwellings, multiple-unit dwellings, and manufactured housing including modular and mobile homes. Residential land uses must be balanced against the need for other equally important land use designations such as commercial, industrial and agriculture.

The Circulation Element is correlated with the Land Use Element and identifies the general location and extent of existing and proposed major thoroughfares, transportation routes, terminals, and other local public utilities and facilities. A critical relationship exists between the location and adequacy of transportation facilities and residential development. Areas served by adequate roads and highways may be more capable of accepting higher-density residential development that can result in reduced housing costs.

The Safety and Noise Elements directly affect the location of residential development. These elements are designed to protect persons and property from potential hazards arising from earthquake faults, unstable soils, wildland fires, flooding and noise. The implementation of policies designed to protect against such hazards may result in higher development costs. In addition, the Conservation and Open Space Elements are designed to protect the natural environment. These elements address issues such as topography, preservation of plant and wildlife habitats, agricultural uses and recreational facilities. The most significant housing impact related to these elements is their effect on reducing the supply of land for residential development.

The primary means to implement the General Plan is the Zoning Ordinance, which establishes development standards, intensity of development, and minimum site requirements. Various residential zones have been established along with a minimum set of requirements for densities,

setbacks, lot coverage, parking, open space, and related development standards. While it is acknowledged that these standards by their very nature may increase the cost of housing in the City of Hollister, development parameters are not excessive or overly restrictive, and are deemed to be the minimum required to protect the general welfare and regulate the quality of development. A summary of the City's land use controls under the R1, R2, R3 and R4 zoning are summarized in Appendix B.

The allowed densities, which range from a minimum of 6,000-square-foot building sites in the R1 zone, to the R-4 district, which requires a minimum of 7,000 square feet for a two-unit dwelling and 1,000 square feet for every additional dwelling unit, are summarized in Table 21, below. In addition, the City is expanding the PD zoning category in which more flexible lot sizes are allowed as long as the overall project density is within the limits of the General Plan. Zero lot line developments are also allowed in selected R1 districts. Manufactured housing is allowed if placed on a permanent foundation in the R1 zoning district.

TABLE 21

EXISTING ZONING DENSITIES  
(ZONING ORDINANCE)

R-1	5.5 units/acre maximum (net)
R-2	8 units/acre maximum (net)
R-3	12-16 units/acre (net)
R-4	16-20 units/acre (net)
Source: City of Hollister, Planning Department	

The only potential long-term governmental constraint to the provision of affordable housing is the disproportionate amount of land zoned for single-family uses (illustrated in the vacant land inventory), which may be considered out of reach of low- and very-low-income households unless subsidies are provided. As Tables 19 and 20 indicate, 697 acres are zoned for single-family uses. Of these, 638 acres have proposed developments covering activity in the next five to ten years. In the multifamily zone categories (R-2, R-3 and R-4), 99 acres are available for development. While these data appear to indicate a significant imbalance between allowed densities, it should be noted that the 99 acres zoned for multifamily uses are expected to be developed to much higher densities than the single-family acreage. These areas can currently yield up to 8 units per acre for R-2, 12-16 units per acre for R-3, and 16-20 units per acre for R-4.

Despite current density levels, recent market rate projects built at the R-2 and R-3 zoning density levels have been affordable to low-income households and above. In fact, the publicly assisted



projects, such as Rustic Street and Rancho Park are developed at 13 units to the acre and Westside Apartments is planned at 18 units to the acre.

The City of Hollister is currently developing a new General Plan that will result in a new Zoning Ordinance. One of the chief objectives of this effort is to review existing zoning densities and lands available for multifamily use to promote affordable housing. The preliminary draft of the new General Plan has recommended increased densities for each residential zoning district as well as recommending the designation of an additional 249 acres for multifamily use.

### **Building Code Requirements**

Each city and county is required to adopt and enforce a building code that ensures that all housing units are built to specified standards. The code is substantially determined by the International Conference of Building Officials and the State of California. Each jurisdiction cannot set standards that are less stringent than the adopted code. The City of Hollister adopted the most recent code prescribed by the State of California. While the code may increase the cost of housing, it is necessary to ensure that safe housing is provided. However, since the code is mandatory, it is not reasonable to expect that code revisions can be made to reduce housing costs. Building code compliance for existing units is limited to the enforcement of health and safety standards, rather than the most current building codes.

### **Condominium Conversion**

In addition to what the Building Code requires, the City enforces strict building and zoning standards for the conversion of multifamily apartment projects to condominiums. Under the PD regulations, the Zoning Ordinance only allows such a conversion when a rental vacancy rate of six percent or greater exists for the rental stock of the City. The codes also require building standards such as separate utility connections and meters, as well as building requirements such as firewall separations. These standards apply to all converted rental units as well as other units in a PD zone area. These additional requirements presumably have the effect of increasing the cost of these units; however, regulating the conversion of rental units can also protect units that are now considered affordable from being converted to market rate units.

### **Development Fees and Exactions**

Since the passage of Proposition 13 in 1978 and the resultant reduction in tax revenues, California cities, including the City of Hollister, have had to find new ways to generate revenues to offset the costs of processing, servicing and regulating development. Consequently, many jurisdictions have turned to increasing existing fees and establishing new fees to pay for the increased demand for City services such as park development, storm drains, sewer lines, police and fire protection, schools and improvement of transportation facilities. In addition, at the request of the local school districts, the City Council has authorized the City to collect a school impact fee of \$3.65 per square foot for residential construction to offset the costs of providing more classroom space. Appendix B highlights the major Development Impact Fees, planning

application processing fees, and inspection fees and building permits incurred by two prototype developments. As indicated, an average 1,500-square-foot single-family residence would incur fees of approximately \$20,000, and an average 900-square-foot multifamily unit would incur fees of approximately \$14,500.

Generally, the first stage of development review that generates a fee is processing a land use entitlement request through the City Planning Commission and/or City Council. The application fee for tentative map (subdivision) is \$1,875.00 plus \$22.00 per lot. Assuming a 100-unit typical single-family project, the fee would be \$4,075.00, or \$40.75 per lot. A 25-unit single-family project would require a fee of \$2,425.00, or \$97.00 per lot. For multiple-family residential subdivisions, the fee would depend on the total number of lots and not the number of units. Assuming a 10-acre site that could generate 50 lots and 120 units, the subdivision fee would be \$3,063.00, or \$25.00 per unit. Site and Architectural applications for multiple-family projects (R2, R3 and R4) again are a function of the number of units. Assuming the 10-acre 120-unit project above, the Site and Architectural fee would be \$2,200.00, or \$18.00 per unit.

The second stage of a development review for a subdivision is the preparation of a final map and the required inspection fees for the subdivision improvements. Assuming a 100-unit typical single-family project, the map checking fee would be \$2,200.00, or \$22.00 per lot. For the typical multiple-family subdivision of 10 acres, 50 lots and 120 units, the map checking fee would be \$1,700.00, or \$14.00 per unit. The engineering inspection fees, which include improvement plans review and improvement inspection, are based upon a percentage of improvement costs. For a typical 100-unit single-family subdivision with a total improvement cost of \$2.5 million, the inspection fee would be \$175,000.00, or \$1,750.00 per lot. For the typical multiple-family project of 10 acres, 50 lots and 120 units, the improvement cost would be \$1.8 million, and the inspection fee would be \$126,000.00, or \$1,050.00 per unit.

The third stage of the development review could be the issuance of a building permit. Building permit fees are based upon the Uniform Building Code, with various fees based upon building valuation and numbers of fixtures, etc. For a typical 1,500-square-foot single-family residence, the building fees would be \$1,318.00. For a typical 900-square-foot multiple-family residential, the building permit fee would be \$286.00 per unit.

An informal survey of surrounding communities found these fees to be quite typical. Hence, while adding to the cost of housing, they are not considered to place a unique constraint on the production of housing.

### **Growth Management Program**

The City of Hollister has had a Growth Management program in effect since 1982. The current program features are contained in City Ordinance No. 767 and City Council Resolution 91-12, as amended. The purpose of the program is to:



1. Encourage a rate of growth that will not exceed the City's ability to provide adequate and efficient public services or the ability of the local economy to support such growth;
2. Establish and maintain the essential quality and level of public services and facilities;
3. Establish and maintain a desirable degree of variance among land uses and ensure the vitality, character and economic stability of the community, including provisions for, and maintenance of, a balanced community with adequate housing to meet the needs of local employment and City residents;
4. Establish and maintain a growth rate that allows for residential development by small and owner-builders to help maintain the economic stability of the community; and
5. Establish and maintain a policy that requires new development to fund necessary public services and facilities required by development to ensure the services and facilities are in place to serve such areas once they are developed.

The program establishes a procedure by which the City Council annually determines the maximum number of dwelling units/lots that may be authorized for allocation, called the Numerical Limit. The ordinance has served as a tool to ensure a balanced rate of growth in the City. As described below, it has not, in fact, constrained housing production.

Ordinance No. 767 sets forth two portions of the Numerical Limit, with a portion for regulated residential projects (standard projects) and regulated projects providing substantial public benefit. The regulated residential project allocation is utilized for regular market rate residential projects. The public benefit portion of the Numerical Limit allows the City, on a case-by-case basis, to award allocations to specific residential projects that provide a needed benefit to the City, including the provision of public improvements such as roadways and utility lines, projects that result from economic development and projects that will provide needed affordable or senior housing. These projects can be publicly or privately provided and need not include any public subsidies nor be 100 percent affordable. For Fiscal Years 1992-1993 and 1993-1994, the Numerical Limit has been set at 350 units per year, with 100 units allocated for regulated residential projects and 250 units set aside for public benefit projects.

For the regulated residential project allocation, applications are filed annually by the end of June for each year's allocation award. Upon filing, the projects are placed on a chronological list that is utilized for the allocation award. A maximum of 25 regulated units per project are authorized per year, in an effort to increase the diversity of project sponsors with access to Hollister. For larger projects, where high infrastructure costs or other economies of scale increase project risk or feasibility, more than a one-year allocation (of 25 units) can be obtained through the initial allocation application. While only 25 units may be developed annually, the overall unit allocation guarantees that the entire project will move forward. Once a project is provided a numerical allocation, the developer must proceed with development diligently within a specified timeframe. Once performance is met, the project is again eligible for additional units. If a



project does not perform, then the units are withdrawn from the annual allocation to be reissued to another eligible project. The public benefit allocations are available at any time of the year for allocation, as long as a project meets the criteria defined in the Program Resolution. Further, the 25 unit per project restriction does not apply to the public benefit allocation.

In addition to the provisions described above, the program is also sensitive to the need to provide low and moderate-income units beyond that allocated through the public benefit numerical allocation. The program sets forth a specific policy to promote affordable housing and also provides for an exemption from the allocation procedures for any residential project providing low- or moderate-income or senior housing that is sponsored and funded or subsidized by a government agency. This exemption process replaces the exemption and exception provisions that were contained in previous program ordinances. By way of example, during the last five years, the City exempted seven affordable housing projects, for a total of 227 units. Under previous ordinance provisions, an additional two residential projects with 74 affordable housing units were authorized, for a total of 301 affordable units outside the standard allocation process.

Table 22 summarizes the numerical allocations that have been approved annually since 1983-1984 under the City's Growth Management Program. As noted earlier, these exclude the units that are exempt from the regulations. Referring to Table 10, which provides the City's residential building history from 1983 to June 1992, an average of 235 units were constructed per year, compared to annual allocations averaging 305 units per year. As such, the provisions listed demonstrate that Hollister's Growth Management Program is sensitive to both the need for more affordable housing opportunities and increased economic growth and has not constrained housing production to date. Further, a numerical allocation of 350 units per year does not constrain the City's attempt to meet the regional housing needs, particularly in light of the City's ongoing commitment to exempt low- and moderate-income housing from the annual numerical allocation.

While the Growth Management Ordinance is not perceived as a constraint on the City's ability to meet its regional share obligations, several new programs have been included in this housing element to provide more flexibility in administering the program. These new programs include: considering an annual carryover policy if the per year allocations would sum to less than the regional need numbers; an amendment to the Ordinance that would allow for exemptions from the annual allocation for any affordable project, and including a policy to grant priority status for processing affordable housing applications.

TABLE 22

ANNUAL ALLOCATION OF RESIDENTIAL UNITS GRANTED  
UNDER THE CITY'S GROWTH MANAGEMENT ORDINANCE

Year	Number of Units Allocated
1983-84	235
1984-85	186
1985-86	196
1986-87	315
1987-88	327
1988-89	499
1989-90	481
1990-91	201
1991-92	310
<p>Note: In no year has annual allocation served to constrain development. This is due in part to the important provision that <i>affordable housing</i> developments qualify for exemptions under the Growth Management Ordinance.</p> <p>Source: City Planning Department</p>	

The Growth Management Program can, in some instances, lead to lengthier permit processing time. A proposed residential subdivision or project must have received an allocation from the Numerical Limit before applications for tentative map, parcel map, site and architectural review and building permits can be approved. Because applications for regulated residential projects are issued in June, a potential project ready to proceed for review in August, for example, would have to wait at least ten months for allocation review. This delay could increase holding costs for the developer which, in turn, are often passed on to the home purchasers. However, the Growth Management Program is based upon a public need for managing growth given infrastructure capacity constraints and the resulting impacts on the quality of life. Further, the revised ordinance allows for an allocation of public benefit projects and affordable projects at any time of the year.

## Development, Processing and Permit Procedures

The development community often cites local government "red tape" and delays as factors that contribute to the current high cost of housing. It should be noted, however, that certain steps in the development process are required by State law rather than local regulation. These include the following:

1. Amendment of the general plan when proposed development is inconsistent with an adopted general plan;
2. The Subdivision Map Act requiring the filing of tentative and final subdivision maps;
3. Adoption and enforcement of building codes;
4. Compliance with the California Environmental Quality Act (CEQA); under this law, the City must assess the environmental effect of a project; the City must then determine whether an environmental impact report, a negative declaration with mitigation measures, or a negative declaration is required;
5. CEQA also establishes the amount of time required for public review and posting of environmental documentation.

Both State and local requirements involve a certain cost to developers (due to processing time) that may be reflected in higher housing costs. Further, the constraint on local financial resources has limited City staff levels, which in turn affects processing time. Virtually all development projects require some type of formal local approval and environmental assessment, many of which require public review/notice periods and public hearings. Given current City financial, staff and infrastructure constraints, the time required for review of projects is even longer.

In accordance with the above, the City of Hollister does conduct project reviews in compliance with State-mandated time periods, such as the requirements of AB 884. The following represents the average timeframes for various planning applications. Further, many of these actions can be pursued concurrently. The processing times shown are comparable to those experienced in similar jurisdictions in the area and are in compliance with State law.

General Plan Amendment: 3-9 months\*

Rezoning: 3-9 months\*

General Plan Amendment and Rezoning: 4-10 months\*

Tentative Subdivision Map: 60-90 days

Site Design Review (multifamily): 30-60 days

Building Permit Review: 7-60 days

\*depending on type of environmental review/CEQA compliance necessary.



## Local Municipal Resources

The tight fiscal conditions of Hollister, as in most municipalities across the region, has forced cutbacks recently in some vital resources, including City staff. Most recently, Hollister was forced to reduce City personnel by 18 percent. This has spread the City's workload across fewer people and has consequently slowed many activities. The effects are far-reaching.

Non-profit developers report that limited City resources, including fewer City personnel, mean longer delays in processing affordable housing projects. Completion of projects are thus delayed, adding to carrying costs, which makes the projects more expensive to develop.

Local police and fire forces also have been affected. Recent cutbacks in the fire department have left the City with about the same number of firefighters now as in 1981, despite significant growth in the City. Inadequate levels of these kinds of services may serve to inhibit future development of safe, affordable housing because the ratio of residents to police and fire resources would be insufficient to ensure prudent levels of protection.

Based on recent trends, future budgets are likely to continue to be strained. Recent reductions in State revenues are adding to the burden on local governments. The City, on three occasions, most recently in November 1992, has attempted ballot measures to increase City revenues; all have failed. One of the major sources for supporting affordable housing projects has been redevelopment funds, but these have been reduced by State law as part of the State's 1992-1993 budget. Without the City's ability to establish an adequate revenue base, the only publicly acceptable funding measure available is the establishment of fees applied to new development, which in turn increases new housing costs.

## ENVIRONMENTAL CONSTRAINTS

### Traffic

One of the major environmental issues facing the City and the County is the need for additional roadway infrastructure to serve the needs of both current and future residents. Based upon a City/County Traffic Impact Fee Study completed in August 1992, \$80 million in roadway improvements will be needed to meet projected growth in the Hollister area. Of this total amount, \$37 million is expected to be funded by new growth in the impact area, given the lack of Federal or State funds for roads in San Benito County.

It is anticipated that the \$37 million funding requirement will be met by increased development impact fees or alternative methods of financing. Given that the increased funding requirement would cause an increase in home costs, the full funding may not be attainable, thus creating potentially unacceptable levels of traffic. This in itself may cause limits to be placed upon future residential growth if roadway facilities deteriorate to unacceptable levels.

## Sewer and Water Capacity

### Sewer Treatment and Transmission Capacity

Effluent from residential growth in the City of Hollister will be treated at Hollister's domestic treatment plant. This plant, completed in 1980, is located on the west side of the City, on the north side of Highway 156. The present licensed capacity of the plant is 2.69 million gallons per day (mgd). Currently, 2.2 mgd of effluent is treated at the facility.

The City's Public Works Master Plan specifies a series of future improvements that would increase the capacity of the treatment plant to 3.6 mgd within a five-year planning period and 5.22 mgd by the year 2009. Funds have been appropriated to purchase land adjacent to the plant for future expansion. Impact fees are assessed on all new development to fund the plant land acquisition and expansion.

Hollister's projected regional share of housing for the July 1, 1991 to July 1, 1997 planning period is 1,945 units. Given construction that has occurred to date from July 1, 1991, the remaining Hollister regional share is 1,726 units. Based upon an average residential generation factor of 290 gallons per day per unit, the 1,726 unit housing share will generate 0.50 mgd of sewage. This, without plant expansion, will generate a need to treat 2.7 mgd of sewage, which slightly exceeds the current licensed capacity (2.69 mgd). Given the planned five-year treatment plant expansion, which is forecasted to occur within the July 1, 1991 to July 1, 1997 planning period, no treatment plant capacity constraints are anticipated as a result of buildout of the regional housing units.

An additional aspect of sewer service is that of transmission lines to convey the sewage to the treatment plant. Given the fact that the City has already approved a number of residential projects that exceed the established regional share, and the fact that these projects have demonstrated an ability to serve the sites as far as sewer transmission facilities are concerned, there is no constraint apparent that would preclude buildout of the regional housing units.

### Water Capacity

The City of Hollister planning area is served by the City water system in the west and central area, and the Sunnyslope County Water District (SCWD) in the east and southeast portion of the planning area. All the development approved or proposed in the City are either the City or SCWD established service areas and will be served by these agencies.

Like many areas in California and especially in the Central Coast and Bay Areas, the recent drought over the past several years has created a concern over future water supplies. Hollister and SCWD currently rely on wells for their service supplies. Since the 1984-85 rainfall season, replenishment has been consistently lower than normal because of drought conditions. Several recent studies have been undertaken by the City, SCWD, and the San Benito County Water District to evaluate water availability given recent drought conditions and water well monitoring.

These studies have been somewhat inconclusive to date regarding the actual effects of recent and future growth on the availability of water. It still has not been fully evaluated what the effect of recent rains have been on the groundwater basin.

The City and SCWD are in the process of evaluating a proposal for a water treatment plant that would use supplemental federal water from the California Water project. In addition, both the City and SCWD are in the process of developing water well programs to obtain adequate water supplies. Currently, water service is not a major constraint to providing for additional housing. If future drought conditions prevail, there may be constraints placed on the development of future housing. The level of this constraint cannot be fully determined at this point.

## NON-GOVERNMENTAL CONSTRAINTS

### Market Rate Construction Costs

A number of costs are involved in the development of housing. These include land and construction costs, site improvements (streets, sidewalks, etc.), sales and marketing costs, and profit. Because these costs are so "market sensitive," it is difficult for a local government to mitigate or reduce them. Table 23 details typical development costs in the area for both R-1 and R-3 property.

The figures do not take into account any holding costs or construction financing costs. Units developed as part of an R-3 project are less expensive to produce, as the table above indicates. However, it should be noted that the major difference in costs is in the size of the units (1,500 square feet vs. 800 square feet) and, if R-3 units are larger in size, then their costs will more closely approximate costs for a single-family unit. These estimates are not believed to constitute a constraint. Further, land costs, while lower than in the more urbanized parts of Santa Clara County, are comparable to surrounding agricultural communities such as Gilroy, in spite of lower rent levels.



TABLE 23  
TYPICAL HOUSING DEVELOPMENT COST  
(NEW UNITS)

	Per Unit (R-1, 5 units/acre)	Per Unit (R-3, 16 units/acre)
Land	\$22,000	\$10,000
Construction Hard Costs	\$90,000 (1,500 sq. ft. at \$60/sq. ft.)	\$44,000 (800 sq. ft. at \$55/sq. ft.)
Site Improvement	\$25,000*	\$15,000*
Sales and Market (6%)	\$8,220	\$3,900
City/District Fees (see Appendix B)	\$20,000	\$14,500
Profit (20%)	\$27,400	\$13,000
<b>Total</b>	<b>\$192,620</b>	<b>\$100,400</b>
*Site improvement costs vary depending on topography of site (flat or sloping), amount of building coverage and open space provisions.		
Source: City of Hollister Planning Department.		

### Availability of Financing

The most important factor determining the availability of affordable homeownership opportunities is the availability of financing at reasonable interest rates. Interest rates, determined by the market, are affected by the general health of the economy, Federal Reserve Board policy, the current and expected rates of inflation, Federal fiscal policy, and other factors. Major institutional and regulatory adjustments in recent years have also affected the operation of the mortgage and financial markets. For example, the 1989 savings and loan industry bailout legislation reduced the availability of construction financing. While these factors affect residents and their local government alike, they are largely out of the control of both.

Major financial market and institutional shifts over the past decade have contributed to relatively high mortgage interest rates up until 1990-1991. While rates have since declined, they remain volatile.

Although interest rates have drifted down to historically low levels in the recent past, this decline has been accompanied by a "credit crunch." Hurt by an ever larger proportion of non-performing loans within their real estate portfolios, combined with the savings and loan and

banking crises that have brought stricter regulatory requirements on real estate lending, many lending institutions have restricted the availability of financing for residential development. Consequently, such financing has become extremely difficult to secure.

Many residential developers have therefore been unable to proceed with projects because of the difficulty in securing adequate financing. As a result, new construction has been severely restrained. This condition is expected to continue until at least 1993.

While low interest rates have benefitted existing homeowners through massive refinancing of older, higher interest rate mortgages, the credit crunch and the severe real estate recession in California have kept many potential new or first-time homeowners from taking advantage of the low current interest rates.

### *Innovative Financing Programs*

Initiatives have been designed to help overcome, to some degree, the constraints imposed by interest rate uncertainties. Lending institutions have designed new financing instruments, such as adjustable rate mortgages, that increase the availability of financing by shifting some of the interest rate risks from the lender to the borrower. However, when rates are lower, these are less attractive than fixed rate mortgages. Another new form of Federal Housing Administration (FHA) mortgage, the Price Level Adjusted Mortgage (PLAM), offers very low interest rates with payment levels tied to Consumer Price Index fluctuations but have the disadvantage of negative amortization, i.e., the mortgage balance, or principal, can increase. FHA and Veteran's Administration (VA) mortgages, available with 0 to 5 percent downpayment, can help overcome prohibitively large downpayment requirements. FHA loans should be more feasible in local housing markets due to Federal legislation that increased maximum loan limits (but generally have limited effectiveness in high-cost housing market areas).

Other legislation also requires Federal Home Loan Banks to establish affordable housing programs to offer cash advances to lending institutions to provide below market rate financing for low- and moderate-income housing.

Local and State government have become prominent mortgage lenders through the issuance of tax-exempt bonds. It has been estimated that up to one-third of first-time home buyers nationally now purchase homes through mortgage bond programs, and that as much as 10 percent of all long-term residential lending is through such programs. Because of concern over the loss of federal revenue, Congress has indicated that such programs must address a "public purpose" by being directed to and benefitting those who have a need and who might otherwise be unserved. This avenue of financing, if not properly policed and executed by local and state governments, could be severely restricted or eliminated altogether.

## Energy Conservation

Energy costs also affect housing affordability. In order to address housing needs and achieve affordability of planned new units, greater energy efficiency is essential. Continued future affordability can be enhanced by careful land use planning combined with conservation measures promoted today. Average household energy expenditures in San Benito County have increased significantly during the past ten years.<sup>15</sup> This increase is especially difficult for low-income residents whose household energy expenditures consume a much larger share of their income than it does for higher income households.

The potential is great for reducing consumption of conventional energy sources in Hollister. In addition to enforcing state energy standards, the City can encourage developers/ builders of new housing to site units to have the most efficient solar orientation in order to take advantage of solar heating systems as often as possible. A building designed to be energy efficient will use only one-third to one-fifth as much overall energy per square foot as a typical existing building of the same design. Using a combination of conservation and solar technologies, the energy used can be reduced by 90 percent or more.<sup>16</sup>

In both the "retrofitting" of existing housing and the construction of new units, the City can play a major role in educating residents and encouraging greater awareness of methods of energy conservation. This can be achieved through an awareness campaign targeted to households eligible for programs such as those run by the State's Department of Economic Opportunity (DEO). These include the following:

- Weatherization Program — Provides free weatherization services to improve the energy efficiency of homes, including attic insulation, weatherstripping, minor housing repairs, and related energy conservation measures.
- Energy Crisis Intervention Program (ECIP) — Provides payments for weather-related or energy-related emergencies such as utility shut-off notice, insufficient funds to establish or maintain an energy account, or energy supply interruptions due to extreme weather conditions.
- Home Energy Assistance Program (HEAP) — Provides payments directly to eligible households to offset the costs of heating and/or cooling dwellings.
- Low-Income Rate Assistance (LIRA) Program — Provides a monthly discount on energy bills to eligible low-income households.

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<sup>15</sup>San Benito County Draft Housing Element, 1992.

<sup>16</sup>Solar Energy Research Institute, *Report on Building a Sustainable Future*, April 1981, Volume 1.



In addition, many energy conservation programs are available from PG&E. Free weatherization and no-interest loans are available to property owners as well as conservation audits that evaluate a customer's energy usage. By "retrofitting" and improving existing housing with energy conservation measures, such as weatherstripping, insulation, and caulking, the costs of living in an older home can be more effectively managed.

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## V. STATUS AND EVALUATION OF EXISTING PROGRAMS

The City of Hollister's previous Housing Element was adopted in 1985. That Element contained twelve programs designed to encourage, develop and expand affordable housing within Hollister to accommodate the housing needs then identified. In compliance with State law, this section of the housing element summarizes the City's success in achieving the program goals during the 1983-1990 planning period.

The programs outlined in the previous Housing Element addressed:

- supporting subsidized housing;
- supporting other housing producers;
- allocating 20 percent of the City's tax increment to finance affordable housing;
- adoption of an ordinance allowing secondary units;
- regulation of rental unit conversions to condominiums;
- streamlining of residential application procedures;
- housing rehabilitation through federal and state funding;
- upgrading of substandard housing;
- preservation of historically significant structures;
- review of building standards for energy conservation;
- support for other residential energy conservation programs; and
- active enforcement of equal opportunity, non-discriminatory housing.

The City identified five goals and four policies to govern the implementation of these programs. Implementation of most of the programs has been coordinated through the Redevelopment Agency and the City Planning Department, with assistance and coordination of non-profit organizations such as South County Housing Corporation, the San Benito County Community Action Agency, and the San Benito Housing Association. A program-by-program evaluation is included as Appendix C.

### OVERALL PRODUCTION

As estimated by HCD, the total number of new units needed in Hollister from 1983 to 1990 was 1,551. This total included 1,237 units to accommodate new households and 314 units to replace lost units. The goal established for distribution by income level was as follows: 25.5 percent (396) very low income, 17.5 percent (271) low income, 25 percent (388) moderate income, and 32 percent (496) above moderate income.

During the 1983 to 1990 period, 2,015 units were built within the City. This represents 129 percent of HCD's regional needs projections. Of the 2,015 units built, 1,274 of these, or 63 percent, were single-family units; and 741, or 37 percent, were multifamily units. Additionally,



of these units built, approximately 75 percent of the single-family units and 93 percent of the multifamily units were built in the Redevelopment project area.

### Affordable Housing Resources and Achievements

New, privately developed housing in Hollister was not generally affordable to very-low income households. This was due primarily to escalating land and housing development costs in the 1980s combined with strong demand for single-family homes, fueled by the stream of new residents coming from Santa Clara County. In most projects, the affordable units that were added received one or more forms of subsidy.

Since initiation of the Planning Period, resources allocated to affordable housing have included Redevelopment Agency set-aside funds (which began in 1988), Red Cross funds, and other federal and state programs totaling \$16,565,090. With these resources, three projects with 60 affordable units were developed during the planning period, 21 second units were added, Red Cross funds to build/rehabilitate 178 units were allocated, and an additional 280 units were approved for development (Tables 24 and 25). Further, 600 units have been planned and budgeted for, but not yet begun, as part of the 1992-1994 Redevelopment Agency housing production program (see Appendix Table D-2).

As noted in Chapter IV, the City exempts affordable housing units from the growth management development allocation. During the last five years, the City exempted seven affordable housing projects, for a total of 227 units. Under previous ordinance provisions, an additional two residential projects with 74 affordable housing units were authorized, for a total of 301 affordable units outside the standard allocation process.

Several new programs have been added to this housing element (homesharing, set-aside expenditures, mortgage credit certificate program, HOME Program promotion, zoning ordinance modification, U.S. Department of Interior National Historic District tax credits for rehabilitation activities that can augment the CHRP-O rehabilitation program, among others) that should increase the production of affordable units during the 1991-1997 planning period. Further, the amount accumulated in the redevelopment set-aside fund has grown substantially over the recent past. The set-aside monies will provide a significant amount of local funding for future efforts.

TABLE 24

## AFFORDABLE HOUSING UNITS DEVELOPED (AND UNDER DEVELOPMENT) IN HOLLISTER

Project	# of Units	Completion	Comments/Affordability Level
Units Developed 1983-1990			
Techo	34	1987	R-1, self-help units L, VL
Prospect Villa	14	1988	Senior citizen units L, VL
Del Rio Court	12	1989	Community Action Agency <sup>1</sup> L, VL
2nd Units	21	1986-1991	Single-family units L,M
Total Units Developed	81		
Units Developed/Under Development 1991-1997			
Chapparell Court	26	1992	R-1 self-help units L, VL
Westside Apartments	16	Planned	Rental L, VL
Prospect Villa II	42	1992	Senior citizen units L, VL
Prospect Villa III	30	1993	Senior citizen units Approved only/L, VL
Rancho Park	62	1993	54 PD units; 8 single-family units Under construction/L, VL
Rustic Street	33	1993	14 single-family; 19 multifamily units Under construction/L, VL
Sherwood Forest	59	1993	51 Single-family units; 8 PD units Under construction/L
Total Units Under Development	268		
TOTAL UNITS DEVELOPED/ UNDER DEVELOPMENT	349		
<sup>1</sup> A Loma Prieta Earthquake Recovery Project that provided permanent housing to FEMA trailer families.			
Note: VL = very-low income, L = low income, M = moderate income			

### **Set-Aside Fund**

The Redevelopment Agency's Housing Set-Aside fund, which is capitalized through 20 percent of the tax increment revenue, began accruing in 1985. Through the fiscal year ending June 1992, the Agency's cumulative tax increment revenues were \$16,103,096, of which \$3,220,620 was collected for this Fund. These funds were generally contributed to local development groups to develop affordable housing units targeted at special needs groups such as senior citizens, farmworkers, and large-family households, and low- and very-low-income households. The Agency sponsors projects benefiting these groups through a contract with South County Housing, Inc., of Gilroy as developer of its Affordable Housing new construction program.

### **Density Bonus Program**

The City also adopted a Density Bonus Program in 1989 that specifies that a developer shall be granted a bonus of up to 25 percent, for the provision of 25 percent of the units for low- or moderate-income households, or 10 percent for lower-income households, or 50 percent of the units for senior citizens. Under the Density Bonus Program, 62 units have been developed for moderate-income households.

### **Other Resources**

In addition, the Agency developed affordable housing in Hollister using other sources of funds. These include the Farmers Home Administration's 502 Program which makes low-interest mortgage loans for up to 100 percent of the value of affordable single-family homes. These mortgages replace pre-development loans South County Housing, Inc. receives from HCD, the City's Redevelopment Agency, and others. Since 1991, South County Housing, Inc. has developed 26 single-family units through the FmHA's 502 program for the City of Hollister Redevelopment Agency. Another 21 units are scheduled to be developed by the end of 1993.

For the Rustic Estates project, the City of Hollister donated City-owned land for these owner-occupied and rental units. In addition, the City of Hollister Redevelopment Agency began work on a tax-exempt bond to provide the San Benito Housing Association, a community-based organization, with financing for acquiring land on which a 31-unit single-room occupancy (SRO) will be built for senior citizens. Further, the City has substantially reduced impact fees for police, fire, park development, sewer, storm, traffic and water on all senior projects when requested.

### **Secondary Units**

The City enacted a Secondary Residential Unit Ordinance in 1986. Since that time, 26 units have been approved under that Ordinance, while 21 have been constructed. These units are generally rented out at prices affordable to low-income households.



## 1989 Earthquake

The October 17, 1989 Loma Prieta earthquake caused considerable damage to Hollister's housing stock generally, and to its older and affordable housing in particular. As a result, substantial resources have been committed to rehabilitating and replacing housing units that were affected. Thirty residential units were declared uninhabitable within the City of Hollister as a result of the earthquake and were subsequently demolished. Typically, two or three units are declared substandard in Hollister on an annual basis, usually as a result of fire (San Benito County's 1991 Affordable Housing Needs Study).

Following the earthquake, the City of Hollister Redevelopment Agency received a \$2.5 million grant from the American Red Cross for rehabilitation and replacement of housing made uninhabitable by the earthquake. Table 25 details how these funds were dispersed. The County received \$468,000 in additional funding for its Del Rio Court apartments and other affordable housing activities. Of that, \$1.9 million was budgeted for new construction, with the remaining \$600,000 earmarked for rehabilitation of existing owner-occupied and rental units. The American Red Cross funds were targeted specifically to very low- and low-income households, with priority given to earthquake victims living in Federal Emergency Management Agency (FEMA) trailers. These construction funds were spent on six projects totaling 170 units, some of which are already under construction.

TABLE 25  
AMERICAN RED CROSS FUNDS DISTRIBUTION

Project	Amount Disbursed	Units Assisted
Chaparral Court	\$245,450	26
Westside Apartments	\$364,250	16
Rustic Apartments	\$264,000	18
Rustic Self-Help	\$400,000	14
Sherwood Forest	\$626,000	59
Rehab Gap Grants	\$600,000	45
<b>Total</b>	<b>\$2,500,000</b>	<b>178</b>

## Rehabilitation and Conservation

The City implemented a rehabilitation program through its Redevelopment Agency and hired a specialist dedicated to administering the program. The program will benefit the City's owner-

occupied housing stock. The Agency has overseen the rehabilitation of 54 units during the planning period using \$1 million in State of California Community Development Block Grant funds. Further, \$600,000 in American Red Cross funds were used to rehab 45 units damaged in the 1989 earthquake.

The City received in 1992 a designation of National Historic Significance for its Monterey Street Historic District, which was conferred by the Secretary of the U.S. Department of the Interior. A significant portion of this District consists of residential buildings, which now must be conserved by federal law. Affiliated with the National Trust for Historic Preservation, the program confers tax credit benefits for rehabilitation activities that can augment CHRP-O rehabilitation funds. The Monterey Street Historic District contains a selection of historically significant structures with architectural styles representative of Hollister's history from its incorporation in 1872 to World War II.

## VI. HOUSING GOALS, POLICIES AND PROGRAMS

### BACKGROUND

The following goals, policies, and programs have been adopted in an attempt to meet the City's regional housing needs during the planning period of 1991 through mid-1997. They are consistent with the City's Redevelopment Agency programs and plans. Although the City faces significant constraints to achieving its affordable housing goals, there is ample land available to meet the City's overall housing construction goals.

The City of Hollister faces constraints that include budget cuts, staff layoffs, the limited income of its residents, limited local resources, and inadequate development of affordable housing by the private sector. The strain on Hollister's resources has been further intensified in recent years by the influx of Southern San Francisco Bay Area and particularly Santa Clara County residents. Consequently, to meet local housing needs, the City must rely more on private construction, non-profit organizations and existing property owners rather than on activities that require sizeable public subsidies.

These and other factors suggest that it will be difficult to achieve the numerical targets set forth by the Council of Governments. In addition to the limiting factors outlined above, the goals established for Hollister translate into a volume of housing production of 300 units per year, exceeding any level the City has averaged during the past decade. Moreover, due to the slow economy and the real estate recession, annual production has steadily declined in recent years.

The City, however, will make every attempt to fulfill its allocation of units for the planning period. In its favor, the City does have the relative advantage of available vacant or underutilized land at prices that are lower than in many surrounding communities, particularly the San Francisco Bay Area Counties just to the north. Further, there has been an increase in the activities of non-profit organizations in Hollister in recent years. Groups including South County Housing, Inc. and the San Benito Housing Association have served a key role in facilitating the development of affordable housing in the City. The City and Redevelopment Agency hope to continue working as partners with these and other non-profit organizations to promote the development of housing for all income levels.



## GOAL 1: HOUSING PRODUCTION

TO PROVIDE HOUSING TO MEET THE PRESENT AND FUTURE NEEDS OF RESIDENTS IN THE CITY OF HOLLISTER, AND TO AIM AT PROVIDING A FAIR SHARE OF THE MARKET AREA HOUSING NEEDS, WITHIN IDENTIFIED GOVERNMENTAL, MARKET, ECONOMIC AND NATURAL CONSTRAINTS.

Policy 1.1: Fair Share Housing Production

*On a City-wide basis, attempt to increase the number of housing units to meet the need for additional housing during the 1991-1997 period. Hollister's quantified objective is based on Housing Community Development/Council of Government's determination of Hollister's fair share of housing by income groups as illustrated below:*

**CITY OF HOLLISTER'S QUANTIFIED OBJECTIVE  
BASED ON REGIONAL NEEDS: 1991-1997**

	Total Number of Units	Very Low Income	Low Income	Moderate Income	Above Moderate Income
HCD/COG's Determination 1991-1997	1,945	424	342	440	739
Rehabilitation Goals <sup>1</sup>	75	37	38		
Conservation Goals <sup>2</sup>	215	165	50	0	0
Preservation Goals	115	115			
Annual Share	300	65	53	68	114

Note: Several projects were completed prior to mid-1992, totaling 219 units, which represent a portion of the total goal of 1,945 units.

<sup>1</sup>Additional market rate units will likely be rehabilitated.

<sup>2</sup>Includes 115 units subject to market rate conversion and 100 mobile home units.

**Program 1.1:**

Action:

Objective:

Responsible Dept.:

**Second Units**

Publicize the Secondary Unit Program to increase public awareness.

Increase production of second units as an affordable housing alternative. Average four new secondary units annually, or 26 between 1991 and 1997.

Planning Department

Financing: Staff time  
Time Frame: Ongoing

**Program 1.2: Modify Existing Zoning Ordinance to Increase Some Residential Densities**

Action: Modify zoning ordinance to allow increased residential densities in R-2, R-3 and R-4 districts where appropriate.

Objective: To increase the supply of affordable housing by allowing more units per acre in some residential areas.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Complete revision by September 1994 (in conjunction with adoption of new General Plan and revised zoning ordinance).

**Program 1.3: Encourage Use of Planned Unit Development (PUD) Zoning**

Action: Designate sites most suitable for PUD zoning and publicize program parameters.

Objective: Increase development flexibility and allow for increased densities on selected sites to add ten additional market rate units by 1997.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Ongoing

**Program 1.4: Modifications to Growth Management Ordinance**

Action: If appropriate, based on an annual study and recommendations prepared by the Planning Department, the City Council will amend the Ordinance to allow for carryover of the annual unused allocation; allow exemption from allocation process for any affordable housing projects, and provide priority status for processing affordable housing applications.

Objective: To reduce governmental constraints on the production of affordable housing as well as meeting the City's regional housing share..

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Modify Ordinance by mid-1994

Program 1.5:	Review status of agricultural and/or vacant land for residential uses
Action:	Examine inventory of agricultural land within the city limits for parcels potentially suitable for rezoning for residential development.
Objective:	To create additional housing sites as an appropriate alternate use for lands likely to be removed from agricultural uses.
Responsible Dept.:	Planning Department, Redevelopment Agency
Financing:	Staff time
Time Frame:	Develop approximate timeframe and residential development capacity by mid-1993. (Time frame should coincide with General Plan adoption.)
Program 1.6:	Land Use/Vacant Land Inventory
Action:	In conjunction with Program 1.4, annually monitor and update vacant land inventory for dissemination to the development community.
Objective:	The land inventory, developed as part of the housing element update, provides the means to monitor the availability of vacant and underutilized land to accommodate housing on a regular basis.
Responsible Dept.:	Planning Department
Financing:	Staff time
Time Frame:	Ongoing

## GOAL 2: HOUSING AFFORDABILITY

TO PROVIDE HOUSING TO MEET THE NEEDS OF ALL INCOME GROUPS IN THE CITY, AND TO PROVIDE THE FAIR SHARE ALLOCATIONS BY INCOME CATEGORY WITHIN THE IDENTIFIED GOVERNMENTAL, MARKET, ECONOMIC AND NATURAL CONSTRAINTS.

### Policy 2.1: Affordable Housing Opportunities

*The City shall implement programs to increase affordable housing opportunities, preserve the existing stock of rental housing, including the 115 units of subsidized rental housing, and promote alternative housing types.*



**Program 2.1: New Construction**

**Action:** Direct private and nonprofit housing developers to the HOME Program for application for HUD funds and the Redevelopment Agency for application for Housing Set-Aside funds. Program funds can be used for new development, rehabilitation and special housing needs. Sponsor regional workshop to increase understanding of and access to HOME Program.

**Objective:** To promote or facilitate the development and rehabilitation of affordable housing in Hollister. To provide partial funding for a minimum of fifteen new affordable units annually with a priority on family housing.

**Responsible Dept.:** Redevelopment Agency

**Financing:** Housing set-aside fund, HUD funds

**Time Frame:** HOME workshop scheduled for late 1993. In connection with funding cycles

**Program 2.2: Promote Mixed-Use Development**

**Action:** Support multifamily development as part of the Hollister Downtown Strategy Plan. Support production of multifamily housing in downtown business district, including mixed-use housing, which is allowed with a conditional use permit. Expedite the review of mixed-use projects through the implementation of the revised General Plan and zoning ordinance which will include expansion of areas with PD zoning in which mixed uses will be allowed.

**Objective:** To increase the supply of multifamily housing and support the revitalization of the downtown. Target 400 block of San Benito Street. Develop 150 units, with 50 percent very-low and 50 percent low-income units by 1997.

**Responsible Dept.:** Redevelopment Agency and Planning Department

**Financing:** Housing set-aside funds

**Time Frame:** Ongoing. General Plan/zoning revisions by 1994.

**Program 2.3: Non-Profit and Affordable Housing Developer Outreach**

**Action:** Meet with local non-profit and private developers to promote the affordable housing programs outlined in the Housing Element. Provide interested developers with the inventory of vacant sites, and explain procedures for utilizing the programs.

Objective: To enhance the City's positive image and role in the development community as a City interested in assisting with affordable housing development.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: Ongoing

**Program 2.4: Subsidize Fees**

Action: Building and planning fees will continue to be subsidized by the Redevelopment Agency for projects affordable to very-low and low-income households.

Objective: To encourage the development of affordable housing.

Responsible Dept.: Redevelopment Agency

Financing: Redevelopment Agency

Time Frame: Ongoing

**Program 2.5: Mortgage Credit Certificate Program (MCC)**

Action: Promote the federal/State of California MCC Program (administered for the Hollister Redevelopment Agency by the Economic Development Corporation of San Benito County) to enhance the affordability of both new and existing homes for first-time low to moderate-income homebuyers. In mid-1992 the City approved its first MCC applicant. The City has received \$12 million in mortgage revenue bonding authority which converts to \$3 million in MCC authority or \$15 million in mortgages, and the City Redevelopment Agency has contributed 1 percent of the \$12 million pool to satisfy the program security deposit requirement.

Objective: To direct prospective buyers to the program by distributing materials, with a goal of fulfilling the funding authority within Hollister for 130 tax credits.

Responsible Dept.: Economic Development Corporation of San Benito County (as administrator for the City of Hollister's program)

Financing: Minimal; staff time

Time Frame: Ongoing

**Program 2.6: Modify Density Bonus Program**

Action: Modify the City's density bonus program to provide a minimum bonus of 25 percent, for the provision of 20 percent of the units for low-income households, or 50

percent of the units for senior citizen housing. Promote other incentives afforded these projects including reduced lot sizes and zero lot line developments. Further, the City will promote the availability of the program through the preparation of flyers to be made available to prospective developers. The City will eliminate density bonus for moderate-income projects.

Objective: To provide incentives for the development of affordable housing and to achieve a minimum of 20 units annually through this program.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: Amendment complete by end of 1993. Flyer distributed by September 1993.

**Program 2.7: Ensure the Continuing Affordability of Subsidized Projects**

Action: Monitor actions by the State and Congress regarding appropriations for extensions of Section 8 contracts and termination of mortgage use restrictions for preservation. Maintain regular communications with property owners.

Objective: Conserve the 115-units at One Hollister Plaza as affordable.

Responsible Dept.: Redevelopment Agency

Financing: Housing set-aside fund

Time Frame: Ongoing

**Program 2.8: Development Standards Incentives**

Action: Permit development standard incentives to encourage clustered developments, flexible unit sizes, setbacks and lot coverage for affordable housing.

Objective: To reduce the cost of providing affordable housing, where appropriate.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: Ongoing (to coincide with implementation of new General Plan and required revised zoning ordinance).



### GOAL 3: HOUSING CONSERVATION AND REHABILITATION

TO PROMOTE ADEQUATE MAINTENANCE AND, WHERE NEEDED, THE IMPROVEMENT OF THE CITY'S HOUSING STOCK.

Policy 3.1: To improve existing housing and preserve neighborhood quality.

<b>Program 3.1:</b>	<b>Rehabilitation Program</b>
Action:	Develop and implement low-interest rehabilitation loan programs. Hire a rehabilitation program coordinator.
Objective:	Marketing and outreach to homeowners associations and other groups in order to rehabilitate 20 units over 18 months with the initial funding allocation, and an additional 13 units per year with anticipated future funding. \$300,000 budgeted per fiscal year. Work with HCD to change definition of rural areas to qualify Hollister for allocation of CHIRP-R funds to be used for rental rehabilitation program.
Responsible Dept.:	Redevelopment Agency
Financing:	State CHRP-O, CHIRP-R funds, Housing Set-Aside Funds
Time Frame:	Hired program coordinator in 1992. Implementation of owner rehabilitation program begun in 1993. Anticipate availability of CHIRP-R funds in 1994 for rental program. City currently accepting application for state CHIRP-R funds (to be combined with set-aside funds) to rehabilitate 32-unit SRO located in the downtown.
<b>Program 3.2:</b>	<b>Target Consumer Appliance Program (TCAP) and ZIP Programs</b>
Action:	Promote PG&E's TCAP and ZIP services to assist seniors and income eligible customers with conservation by repairing or replacing older appliances and installing weatherization improvements. Also promote the State's Department of Economic Opportunity programs's including its Weatherization Program, Energy Crisis Intervention Program, Home Energy Assistance Program, and Low-Income Rate Assistance program.
Objective:	To disseminate information and guidelines on TCAP and ZIP as well as on the Weatherization Program, Energy Crisis Intervention Program, Home Energy Assistance Program, and Low-Income Rate Assistance program at public facilities.

Responsible Dept.:	Building and Planning Departments
Financing:	None required
Time Frame:	Ongoing

#### GOAL 4: SPECIAL HOUSING NEEDS

TO ADDRESS THE HOUSING NEEDS OF SENIOR CITIZENS, PHYSICALLY DISABLED, HOMELESS, LARGE FAMILIES, AND FEMALE HEADED HOUSEHOLDS

**Program 4.1: Home Sharing**

Action: Identify appropriate non-profit to operate, and provide partial funding for, a home sharing program to assist low- and moderate-income seniors, single parent families and other residents in finding affordable housing through homesharing.

Objective: To assist lower-income homeowners to maintain their homes and to provide additional housing options for renters. Achieve 10 matches per year between providers and housing seekers.

Responsible Dept.: Redevelopment Agency

Financing: Housing set-aside fund

Time Frame: By April 1993 identify a non-profit organization to operate this program in Hollister and circulate promotional materials in public facilities. Catholic Charities of Santa Clara County, which has operated a similar program there for over 12 years, has indicated a willingness to consider starting such a program in Hollister.

**Program 4.2: Enforce Uniform Building Code Handicapped Access Provisions**

Action: Require that all new multifamily developments comply with handicapped provisions included in the UBC.

Objective: To provide handicapped access to new housing developments.

Responsible Dept.: Building Department

Financing: None required

Time Frame: Ongoing

**Program 4.3:**

**Design Flexibility for Elderly Projects**

Action:

Reduced parking for senior projects as specified in the zoning ordinance, which allows for discretion in parking standards for senior projects.

Objective:

To encourage the development and expansion of housing units suited the elderly.

Responsible Dept.:

Planning and Building Departments

Financing:

Staff time

Time Frame:

Ongoing

**Program 4.4:**

**Add More Housing Units for the Elderly**

Action:

Develop more senior housing, such as the Prospect Villa Phase III development providing 30 rental units for the elderly, due to be completed in late 1994.

Objective:

To add housing units for the elderly, as funding permits.

Responsible Dept.:

Planning and Building Departments; Redevelopment Agency

Financing:

Staff time; Housing set-aside funds

Time Frame:

Ongoing

**Program 4.5:**

**Increase the Development of Family Housing**

Action:

Expedite approvals and provide financial support for affordable housing for female-headed single-parent and other large households. By the end of 1993, complete the 54 unit-Rancho Park and the 19 unit-Rustic Gardens Rural Housing Construction Program developments, both of which are targeted to low- and very-low-income households, and contain mostly three- and four-bedroom units. Provide for up to 100 additional units by the end of the planning period.

Objective:

To increase housing options for families with children, particularly those developed for female-headed households.

Responsible Dept.:

Redevelopment Agency

Financing:

Housing set-aside funds

Time Frame:

Ongoing

**Program 4.6:**

**Increase the Development of Farmworker/Rural Housing**

Action:

Expedite approvals and provide financial support for affordable farmworker housing. Complete by the end of



City's Redevelopment Project Area are affordable to very-low and low/moderate-income households. Further, ensure that a minimum of 40 percent of those units are affordable to very-low-income households.

Responsible Dept.: Hollister Redevelopment Agency

Financing: Tax increment funds and other State and Federal funds as they become available.

Time Frame: Adopt Plan along with Housing Element in early 1993.

**Program 5.2: Housing Set-Aside Fund**

Action: Target a minimum of the 20 percent Housing Set-Aside funds to promote development of affordable housing.

Objective: To provide economic support to the development of housing at permanently affordable levels.

Responsible Dept.: Redevelopment Agency

Financing: Tax increment funds

Time Frame: Ongoing.

**GOAL 6: FAIR HOUSING**

TO ENSURE DECENT, SAFE LIVING ENVIRONMENTS FOR THE CITY'S RESIDENTS REGARDLESS OF AGE, SEX, FAMILY COMPOSITION, RACE, ETHNICITY, RELIGION, PHYSICAL OR MENTAL DISABILITY, OR INCOME.

Policy 6: The City shall support private and public efforts to ensure non-discrimination in the sale or rental of housing.

**Program 6.1: Support and Enforce Anti-Discrimination Programs**

Action: Support and enforce fair housing laws and policies by providing information, counseling, and investigation services concerning discrimination complaints; identify non-profit or public organizations to carry out this role locally. Refer tenant complaints to San Benito County Community Action Board (CAB) and to the California Rural Legal Assistance (CRLA).

Objective: To eliminate discrimination in housing, particular important in Hollister which is over 50 percent minority; Distribute brochures at City offices and refer complaints to appropriate state and federal agencies. Provide list of

1993 affordable units including the 514/516 Program farm labor housing developments, such as the 16 unit multi-family West Side Project targeted to low- and very-low-income households; continue to use 502 FmHA financing for development of additional single-family affordable units: 26 have been completed since August 1991, and an additional 21 units will be started in late 1992, due to be completed in 1993.

Objective: To increase housing options for farmworkers.  
 Responsible Dept.: Planning Department; Redevelopment Agency  
 Financing: Housing set-aside funds; HCD funds  
 Time Frame: Ongoing

**Program 4.7:** **Support Development of Housing for the Homeless**  
 Action: Contribute City funds for the procurement and placement of additional bathroom and kitchen facilities as needed by the local homeless shelter, The Church on San Juan Road. Provide Set-Aside Funds to promote rehabilitation of 32-unit SRO in the downtown.  
 Objective: To help meet the housing and related needs of the local homeless population.  
 Responsible Dept.: Planning Department; Redevelopment Agency  
 Financing: Housing set-aside funds; CHRP-R  
 Time Frame: December 1993 contribute funds to both projects

## GOAL 5: REDEVELOPMENT

TO ADHERE TO OR EXCEED THE HOUSING REQUIREMENTS OF THE STATE REDEVELOPMENT LAW IN IMPLEMENTING THE CITY'S REDEVELOPMENT PLANS.

**Program 5.1:** **Comply with State Law AB-315**  
 Action: Develop an Affordable Housing Compliance Plan. (Appendix D of the Housing Element) that quantifies the Redevelopment Agency's affordable housing responsibility. To the extent that the required percentage of affordable units is not being provided, develop programs to satisfy this requirement in coming years.  
 Objective: In compliance with State Redevelopment Law, ensure that 15 percent of all units developed or rehabilitated within the

Responsible Dept.:  
Financing:  
Time Frame:

tenant advocacy organizations in Spanish and English on the community cable channel and in local newspapers. Redevelopment Agency, non-profit organization HUD; CDBG Funding. Ongoing; identify non-profit organization by July 1993 to assist in disseminating information and tracking complaints.

## GOAL 7: HOUSING ELEMENT IMPLEMENTATION

TO ENSURE THE IMPLEMENTATION OF ALL HOUSING POLICIES AND TO PROMOTE BROAD PARTICIPATION IN THE PROGRAMS.

### Policy 7: Implementation and Revision

*On a regular basis, the City shall review its ordinances and programs regulating residential uses and construction to ensure consistency with the General Plan and to identify and correct any provisions that unnecessarily increase the cost of housing, extend the time required for processing applications or preclude provision of housing to meet special needs.*

#### **Program 7.1:**

#### **Citizen Participation**

Action:

Hold public meetings to receive public input and to inform residents and developers about the housing needs, resources and program options.

Objective:

To disseminate information about housing programs and encourage public participation.

Responsible Dept.:

None required

Financing:

Redevelopment Agency

Time Frame:

Upon any substantive revision to the Housing Element

#### **Program 7.2:**

#### **Record Keeping**

Action:

Develop a record-keeping system to collect statistics relating to the objectives and programs of the Housing Element.

Objective:

To maintain a system for evaluating the progress and achievements of the housing program.

Responsible Dept.:

Minimal staff time.

Financing:

Planning and Building Departments and Redevelopment Agency

Time Frame:

Ongoing



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## APPENDIX A

### SUMMARY OF HOMELESS SERVICES IN SAN BENITO COUNTY

The types of services available are briefly outlined on the following pages. The population served is based on estimates of families/persons served through 1991.

*Homeless Prevention.* As noted in the County's 1992 Draft Housing Element, it is estimated to be three to six times cheaper to prevent an incidence of homelessness than to provide emergency shelter and transitional shelter and services (including first and last month's rent, counseling, shelter). Homeless prevention programs and services available locally, as outlined in the County's Housing Element, are briefly described below.

Stop Eviction: Administered by Community Action Agency (CAA)  
Population Served: 162  
Gaps: Program is geared solely for families, so single persons and childless couples are not served. Funding is insufficient to extent the program all year. An estimated 13 families were not served because of limited funds.

Utility Assistance: Salvation Army (SA) and CAA  
Population Served: NA  
Gap: Limited funds.

Emergency Food: Community Pantry, Fishes and Loaves, CAA  
Population Served: 3,350  
Gap: None identified.

Mental Health: The County Mental Health Department assists in providing the appropriate type of housing for mentally ill persons. Through this assistance, homelessness is avoided.  
Population Served: No homeless mentally ill reported.  
Gap: None identified.

*Emergency Homeless Services.* Once a person or family becomes homeless, they will be in need of emergency shelter, food, and in some instances help for mental problems, substance abuse, and protective services.

Motel Vouchers: CAA, San Benito County Human Services Agency, Red Cross  
Population Served: 660  
Gap: CAA and SBCHSA programs limited to families. Single persons and persons with substance abuse problems are underserved. Unmet demand for estimated 80 persons due to funding limitations for CAA

or denial by SBCHSA. Duration of program will be reduced in 1992 from 30 days to 15 days.

General Relief: SBCHSA (money for single persons for one month's rent)  
Population Served: 13  
Gap: Few persons use program because funding of \$175/month for rent is too low for median rent of \$491.

Emergency Trailers: CAA/County Labor Camp - 30 days/Red Cross  
Population Served: 78  
Gap: Facility limited to off-peak labor season (November-June)

Emergency Shelter and Food: Church on San Juan Road; the Green House for families; single persons through San Benito County Association of Churches (SBCAC).  
Population Served: 40 to 100 or more persons/day, depending on season  
Gap: No emergency shelter designated for homeless persons with substance abuse problems, domestic violence, mental health, or teenagers.

Crisis Counseling: SBCDHS, Discovery Center  
Gap: Limited funding

Mentally Ill: Mentally ill homeless persons who pass through the County generally use one of the two homeless shelters.  
Population Served: None reported (Carol Perterlin, San Benito County Department of Public Health).  
Gap: There is not a program or appropriate facilities for mentally ill persons who pass through the County. A program has not been provided because of limited funds.

*Transitional Services.* Transitional services help persons or families that have become homeless find more permanent shelter and, if necessary, employment or other needed support services.

First and/or Last

Month's Rent: CAA, SBCHSA  
Population Served: 102 (CAA)  
Gap: Program limited to families. Lack of funds for about 66 persons.

Transitional Housing with

Case Manager: CAA and San Benito County - 6 months  
Population Served: 36  
Gap: No facilities for single persons, substance abusers, teenagers, and demand is greater than supply.



# APPENDIX B

## CITY OF HOLLISTER DEVELOPMENT IMPACT FEES<sup>1</sup>

Fees	1500 sq.ft. SFR	900 sq.ft. MFR
Planning Application	\$40.75	\$43.00
Final Map/Inspection	\$1,772.00	\$1,064.00
Building Permit	\$1,318.00	\$286.00
Traffic Circulation	\$3,500.00	\$2,485.00
Sewer Treatment	\$1,160.00	\$1,160.00
Sewer Collection	\$1,360.00	\$1,360.00
Storm Drainage	\$1,590.00	\$1,590.00
East Area Storm Drainage <sup>2</sup>	\$830.00	\$450.00 (average)
Police	\$230.00	\$230.00
Fire	\$310.00	\$310.00
Park	\$1,123.00	\$934.00
Water	\$1,350.00	\$1,350.00
School <sup>3</sup>	\$5,475.00	\$3,285.00
Total	\$20,059	\$14,547

<sup>1</sup>Based on 25-unit single-family subdivision and a 10-acre multifamily project with 120 units.

<sup>2</sup>East area of City only (Joint City/County Fee).

<sup>3</sup>Assumes current 1/93 fee of \$3.65 as set by school districts, may be reduced to \$2.65.

City Of Hollister Planning Department

Typical Design Standards

R-1, Single Family Residential District

NOTE: These are minimum requirements only. For a complete description of the R-1, Single Family Residential District, consult Section 22 of the City Zoning Ordinance.

Minimum Building Site	6000 Square Feet
Height	30 Feet Maximum
Coverage	40% Of Lot, Maximum
Front Yard	20 feet, or the distance from the front lot line to the building line if established by ordinance for the street on which the lot faces.
Side Yard	6 feet OR 10% of the lot width if that be less; minimum of 4 feet
Corner Lot Side Yard	Side yard on the street side of the lot shall be not less than one-half (1/2) the required front yard setback ( = 10 feet).
Rear Yard	20% of the lot depth; minimum 15 feet except on a corner lot in which the rear yard shall have a contiguous unroofed area equal to 70% of the width of the rear yard X 15 ft.
Parking	Two offstreet spaces on the same lot.
Accessory Structures	Must be located on rear half (1/2) of the lot; must not occupy more than 30% of the required rear yard; all such structures shall occupy no more 40% of the required rear yard; must be a minimum of 5 feet from the main building; must be a minimum 1 foot 6 inches from side or rear lot

lines (NOTE: If within 3 feet of the lot line, certain fire wall requirements must be met. Contact Building Department for details.)

## Fences

Maximum 6 feet in height in rear or side yard areas; 3 feet maximum height along front property line; may slope or step away from front lot line up to 6 feet in height at intersection of front yard/side yard.

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City Of Hollister Planning Department

Typical Design Standards

R-2-S, Two-Family Residential District

NOTE: These are minimum requirements only. For a complete description of the R-2-S, Two Family Residential District, consult Section 23 of the Hollister City Zoning Ordinance.

Minimum Building Site:	8000 Square Feet
Maximum Height:	30 feet
Maximum Lot Coverage:	40%
Front Yard Setback:	20 feet OR the distance from the front lot line to the building line, if established by ordinance for the street on which the lot faces
Side Yard Setback:	6 feet OR 10% of the lot width if that be less; minimum 4 feet
Corner Lot Side Yard Setback:	Side yard on the street side of a corner lot shall be not less than one-half the required front yard setback up to a maximum of 10 feet (in other words, 10 feet)
Rear Yard:	20 % of the lot depth, minimum of 15 feet; a corner lot rear yard must be a minimum 70% of the rear yard width X 15 ft.
Parking:	Two spaces on the lot for each dwelling unit; at least half of all off-street parking should be covered
Accessory Structures:	Must be located on the rear half of the lot; must not occupy more than 30% of the required rear yard; all such structures

shall occupy no more than 40% of the required rear yard; must be a minimum of 5 feet from main building(s); must be a minimum 1 foot 6 inches from side or rear lot lines (NOTE: If within 3 feet of a lot line, certain fire wall requirements must be met. Contact the Building Department for details.)

Fences:

Maximum 6 feet in height in rear or side yards; 3 feet maximum height along front property line; may slope or step away from front property line up to 6 feet in height at intersection of front yard/side yard

Landscaping:

Must have landscaping to ensure harmony with surrounding development or to conceal storage and service areas, to prevent erosion, preserve trees, and to add trees

Density Limitations:

Two dwelling units per building site

r2s.std

## City Of Hollister Planning Department

### Typical Design Standards

#### R-3-S, Low Density Multiple Family Residential District

NOTE: These are minimum requirements only. For a complete description of the R-3-S, Low Density Multiple Family Residential District, consult Section 24 of the City Zoning Ordinance.

Minimum Building Site:	8000 Square feet
Maximum Height:	30 feet
Maximum Lot Coverage:	50%
Front Yard Setback:	15 feet OR the distance to the building line if established by ordinance for the street on which the lot is situated
Side Yard Setback:	6 feet OR 10% of the lot width if that be less; minimum of 4 feet
Corner Lot Side Yard:	Side yard on the street side of the lot shall be not less than one-half of the required front yard setback of the R-1 District (= 10 feet)
Rear Yard Setback:	The depth of the rear yard shall be not less than 15 feet except as otherwise specified for dwelling groups (See Typical Design Standards — Dwelling Groups); for corner lots, the rear yard shall be at least 70% of the rear yard width X 15 ft.
Parking:	2 spaces for the first 4 units, and 1.5 spaces for each additional unit; at least one-half must be covered
Density Limitations:	I. For lots less than one-half acre in size:



$$\text{Density} = \frac{\text{Building Site Area (sq. ft.)}}{2000}$$

Fractional results equal to or less than one-half are rounded down to the next lower whole number.

II. For lots greater than one-half acre in size:

$$\text{Density} = \text{Building Site Area (acres)} \times 16$$

Fractional results equal to or less than one-half are rounded down to the next lower whole number.

III. The Planning Commission may, upon specific findings of fact, restrict the number of dwelling units to the range expressed by:

$$\text{Density} = \text{Total Acreage} \times 12 \text{ (lower)}$$

TO

$$\text{Density} = \text{Total Acreage} \times 16 \text{ (upper)}$$

Fractional results equal to or less than one-half are rounded down to the next lower whole number.

#### Accessory Structures:

Must be on the rear one-half of the lot; must not occupy more than 30% of the required rear yard; all such structures shall occupy no more than 40% of the required rear yard; must be a minimum 5 feet from main dwelling(s); must be a minimum 1 foot 6 inches from side or rear lot lines (NOTE: If within 3 feet of a side or rear lot line, certain fire wall requirements must be met. Contact the Building

Department for details.)

Fences:

Maximum 6 feet in height in rear or side yard areas; 3 feet maximum height along front property line; may slope or step away from front lot line up to 6 feet in height at intersection of front yard/side yard.

Architecture:

The effect of height, width, shape, exterior construction and design of structures and how they will relate to the character of the neighborhood and the proposed use of the zone in which they are situated.

r3s.std

- (g) In case the buildings of a group are so located on the lot that the rear of the building which faces the street is faced by the front of a building to the rear, et seq. (i.e. in a "front to back" series), no such building shall be closer than twenty-seven (27) feet to any other such building.

**Section 24.9: Density Limitation, R3 District.**

- (1) For lot sizes under one-half acre, the number of dwelling units in a multiple dwelling or dwelling group shall not exceed the number obtained by dividing the area of the building site by 2,000, adjusting any fractional result where the fraction is equal to or less than one-half to the next lower whole number.
- (2) For lot sizes over one-half acre, the number of dwelling units in a multiple dwelling or dwelling group shall not exceed the range expressed by the total acreage multiplied by 16, adjusting any fractional result where the fraction is equal to or less than one-half to the next lower whole number.
- (3) At its option, the Planning Commission may restrict the number of dwelling units to any number within the range expressed by the total acreage multiplied by 12 as a lower limit to the total acreage multiplied by 16 as an upper limit. Any fractional result obtained shall be adjusted where the fraction is less or equal to one-half to the next lower whole number. The Planning Commission shall make express finding of facts for rendering restrictions on the density allowances below that number defined as the upper range limit.

**Section 25: Medium Density Multiple Family Residence District, R4 District.** The following regulations except to the extent that they may be modified by a combining district, shall apply to every lot and building site in an R4 district and shall be subject to all the general provisions of this chapter.

**Section 25.1: Uses Permitted, R4 District.** The following uses are permitted in an R4 district:

- (a) All uses permitted in the R3 district.
- (b) Court apartment.
- (c) Apartment hotel.
- (d) Hotel or motel, in which incidental business may be conducted only as a service for the persons living therein, provided there is no entrance to such place of business except from the inside of the building and that no sign advertising such business shall be visible from the outside of the building.
- (e) Private club, lodge, fraternity or sorority, except those the



chief activity of which is service customarily carried on as a business.

Section 25.2: Conditional Uses, R4 District.

- (a) All conditional uses permitted in R1, R2 and R3 districts.
- (b) Trailer parks or mobile home parks subject to all other provisions of the Hollister Municipal Code.

Section 25.3: Building Site Area Required, R4 District. The minimum lot area shall be seven thousand (7,000) square feet upon which may be permitted a two-family dwelling. For each additional dwelling unit there shall be provided an additional one thousand (1,000) square feet of lot area. Any lot fourteen thousand (14,000) square feet or more in area may be used for a building or group of buildings containing not more than ten dwelling units. For each dwelling unit in excess of ten there shall be provided an additional seven hundred fifty (750) square feet of lot area together with such additional open space as may be necessary to meet other requirements of this section. For buildings other than dwellings the lot area shall be the same as that provided in the R3 district.

Section 25.4: Height Limitation, R4 District. Building heights shall be limited as follows:

- (a) Non-residential buildings (except accessory buildings) same as R3 district.
- (b) Residential buildings - none.
- (c) Accessory buildings - 15 feet maximum.

Any building having a height of three stories or more shall be provided with adequate elevator service.

Section 25.5: Front Yard, R4 District. Except as otherwise provided in Section 64, the minimum depth of the front yard shall be fifteen (15) feet, or in lieu thereof, shall be the distance from the front lot line to the building line, if the building line is established by ordinance for the street on which the lot faces.

Section 25.6: Side Yard, R4 District. The width of each side yard shall be fifteen (15) feet or one-third of the height of the building at a point nearest to the side lot line, whichever is greater.

Section 25.7: Rear Yard, R4 District. The distance between the rear property line of a lot and the nearest point of any main building on the same lot adjacent to such rear lot line shall not be less than twenty-five (25) feet.

Section 25.8: Other Requirements, R4 District.

- (a) Dwelling groups with buildings less than thirty (30) feet in height shall conform to the regulations set forth for such

use in the R3 district.

- (b) No main building shall be closer to any other main building on the same lot than one-half the sum of the height of the two buildings.
- (c) Detached accessory buildings shall be subject to the same regulations as specified for R1 districts.
- (d) Usable open space. Upon any site occupied by a multiple dwelling or dwelling group there shall be provided not less than eight hundred (800) square feet of usable open space for each dwelling unit. Usable open space is that portion of the building site designed and used for landscaping, outdoor recreation and building service yards. In calculating the lot area available for usable open space, all of the following shall be deducted from the gross area of the lot:
  - (1) Main building coverage together with any other roofed area, except a pedestrian breezeway;
  - (2) Three hundred (300) square feet for each required parking space not provided in a roofed structure;
  - (3) Automobile driveways.
  - (4) Any portion of a lot having a ground slope in excess of thirty percent (30%).
- (e) Parking. For each dwelling unit in excess of two, there shall be provided at least three (3) permanently maintained parking spaces for each two such dwelling units. Such parking space must be on the same lot with the main building and must be so arranged as to provide for adequate ingress and egress. Driveways to parking spaces shall be not less than ten (10) feet wide, and no parking space shall be less than nine (9) feet wide and twenty (20) feet long. A space at least nine (9) feet wide and twenty-five (25) feet long immediately to the rear of each such parking space shall be maintained at all times free and clear of obstructions. The driveway to the parking space may be included within this required clear space.

Section 25.9: Density Limitation, R4 District. The number of dwelling units in a building on a lot, or in any group of buildings on a lot, shall be deemed to be restricted independently by each of the regulations herein set forth, and shall not exceed a number which permits the observance of all of the development standards herein set forth; provided, however, that where more than one lot is improved as a unit, the Planning Commission, in accordance with the provisions of Section 52 of this chapter, shall have authority to modify development standards prescribed for side or rear yards, or distances between main buildings when such action will promote excellence in development consistent with the intent of this section.

# SECTION 3 STREET DESIGN

## 3.01 GENERAL

For Purposes of geometric and structural design, streets shall be classified according to the listing supplied in Appendix D. Any deviation from the following standard shall require the approval of the City Engineer. This classification chart is a guide and approved plans lines and accepted traffic studies may hereafter alter the necessary criteria.

Class	Right of Way Max./Min.	Width Between Curbs (feet)	Traffic Index*	Maximum Grade Rate	Minimum** Centerline Radius for Horizontal Curve (ft) (%)	Min. Ac	Min. Base	Design * Speed	Minimum Distance Between Intersect
Highways	120 80	100 64-72	8.5-11 8.5-11	(1) (1)	(1) (1)	(1) (1)	(1) (1)	55	(1) (1)
Major Thorough- fare	84	64-72	7.5-8.0	10	800	5"	12"	55	(1)
Major Collectors	84	64	7.5	13	600	4"	12"	45	500'
Industrial	60	52-49	6.5	12	250	4"	12"	35	(1)
Collectors	60	40	5.5	12	250	3"	8"	45	250'
Residential	56	40	5.0	12	250	2.5"	8"	35	250'
Cul-de-sac	60/50	40	4.5	12	250	2.5"	8"	35	250'



## APPENDIX C

### EVALUATION OF PROGRAM ACHIEVEMENTS 1984-1990

- Program 1:** In assisting other entities in the production of affordable housing, the City shall support Santa Cruz County Housing Authority in providing subsidized housing programs designed to assist lower-income renter households.
- Evaluation:** The original goal of assisting 134 households was surpassed by 155. Since 1985, HUD 289 Section 8 certificates have been granted to Hollister households.
- Program 2:** The City shall also support other potential housing producers in producing housing affordable to lower-income households in the area.
- Evaluation:** The City of Hollister has given significant support, including financial support, to non-profit housing associations and housing developers. These include South County Housing, Inc. of Gilroy, which has completed 26 affordable units between 1988 and 1990 with the aid of Redevelopment Agency set-aside funds. Further, The Alpha Group, Inc., a developer based in Auburn, CA, is nearing completion on the development of 42 senior housing units, with an additional 42 units approved for development. The City has also supported a local community-based organization, the San Benito Housing Association (SBHA), whose membership is made up of over 260 Hollister households. SBHA has organized to seek the development of more affordable housing in Hollister. SBHA has contracted with American Liberty Development, Inc. to be its developer.
- Program 3:** The City shall allocate a minimum of 20 percent of all funds produced by tax increment financing in redevelopment areas to the provision of additional housing opportunities, especially for lower-income households.
- Evaluation:** Through 1990, over \$10 million were spent to assist with the development of affordable housing.
- Program 4:** To promote second units in residential areas, the City shall adopt an accessory unit ordinance that will identify allowable areas for secondary units while still retaining the single-family character of the neighborhood.
- Evaluation:** The City adopted a second unit ordinance in 1986. As of 1991, 21 affordable single-family units have been developed under this ordinance. This exceeds the goal of ten units set in the previous housing element.

- Program 5:** To promote the provision of an adequate amount of rental units affordable to low- and moderate-income households, the City shall continue to regulate the conversion of rental units to condominiums through the enforcement of zoning ordinance provisions.
- Evaluation:** The City has enforced and continues to enforce strict building and zoning standards for the conversion of multifamily apartment projects to condominiums. Under the PD regulations, the Zoning Ordinance continues to allow such a conversion only when a rental vacancy rate of six percent or greater exists for the rental stock of the City. The codes also require building standards such as separate utility connections and meters, as well as building requirements such as firewall separations. These standards apply to all converted rental units as well as other units in a PD zone area. Regulating the conversion of rental units has presumably served to protect affordable units from being converted to market rate units.
- Program 6:** To promote the development of cost efficient housing, the City shall revise its residential allocation application procedure so that development applications can be processed in a more timely manner, thereby reducing development holding costs.
- Evaluation:** To promote timely development of affordable housing, the City created two separate portions of its Numerical Limit during the previous planning period (as outlined in the Growth Management Section of Chapter IV). One portion is for regulated residential projects (standard projects) and the other for regulated projects providing substantial public benefit. The regulated residential project allocation is utilized for regular market rate residential projects. The public benefit portion of the Numerical Limit allows the City to award allocations to residential projects providing a needed benefit to the City, including projects that will provide needed affordable or senior housing. The public benefit allocations are available at any time of the year for allocation, as long as a project meets the criteria defined in the Program Resolution. In addition to the provisions described above, the program is also sensitive to the need to provide low- and moderate-income units beyond that allocated through the public benefit numerical allocation. The program sets forth a specific policy to promote affordable housing and also provides for an exemption from the allocation procedures for any residential project providing low- or moderate-income or senior housing that is sponsored and funded or subsidized by a government agency. This exemption process replaces the exemption and exception provisions that were contained in previous program ordinances. During the previous planning period, the City exempted seven affordable housing projects, providing a total of 227 units. Under previous ordinance provisions, an additional two residential

projects with 74 affordable housing units were authorized, for a total of 301 affordable units outside the standard allocation process.

- Program 7:** To conserve the existing housing stock and retain its affordability, whenever possible, the City shall apply for state/federal funding to develop a housing rehabilitation program: 1) Community Development Block Grant Funds, and 2) FmHA Rural Rental Program.
- Evaluation:** The City received \$500,000 in CDBG funds in both 1987-88 and 1988-89. The 1978-89 \$1,000,000 funds were used to rehabilitate 54 units. The 1989 earthquake profoundly altered the City's rehabilitation program and goals. From 1989 until 1992 the City's efforts were diverted primarily to addressing units that were affected by the earthquake. The City has resumed its annual rehabilitation goals in 1992. For 1992-93, 15 units are scheduled to be rehabilitated with \$300,000 in CHRP funds. The City has not used the FmHA program but will assess it as a possible match to its CHRP funds.
- Program 8:** The City shall develop a program to assist property owners, landlords, and tenants in the process of upgrading substandard housing, based upon the availability of funding sources. Included in this program could be a provision in a second unit ordinance allowing for the legalization of illegal units and legal non-conforming units.
- Evaluation:** As noted in Chapter VI, the City adopted a second unit ordinance in 1986, which has led to the production of 21 second units in Hollister. Further, the City has used housing rehabilitation loans, CDBG funds, CHRP funds, and earthquake emergency assistance funds to assist in upgrading 99 units of substandard housing.
- Program 9:** In protecting architecturally significant residences and neighborhoods, the City shall work with local historical groups to identify significant structures and to develop an ordinance to aid in their protection.
- Evaluation:** In 1992 the U.S. Secretary of the Interior certified Hollister's Monterey Street area as a National Historic District. This designation signifies structures that have historic value or architectural/structural significance. The District contains mostly single-family detached housing units covering a wide range of affordability levels built between 1875 and 1941.
- Program 10:** Enforce state construction standards for energy efficiency. Encourage building inspector to review new building standards with building permit applicants.



**Evaluation:** The Building Department has routinely reviewed all plans submitted for compliance with state and local codes and standards. Title 24 of the State Building Code requires the Building Department to enforce the strict state energy standards. In the course reviewing plans, when the Building Department identifies one not in compliance with state energy efficiency standards, the plan is returned to the applicant unapproved, with a list of modifications necessary to meet the energy standards required. Further, the Building Department routinely has worked with designers of projects in Hollister to assist in the interpretation of building codes and energy efficiency standards that must be met to gain approval.

**Program 11:** In encouraging public awareness of energy conservation programs, the City will continue to support the "Hollister Noon to Six" program and other energy conservation programs that PG&E offers, such as ZIP (Zero Interest Program), Residential Conservation Audits, Free Home Weatherization.

**Evaluation:** The "Noon to Six" Program, a federal Department of Energy Program, concluded in 1988. The City does promote the State Office of Economic Opportunity's energy assistance and conservation programs for low-income households as well as the San Benito Community Action Agency's energy conservation assistance to low-income families. Further, when using CDBG, as well as other similar funding sources, for rehabilitation, energy conservation measures are normally included. The City RDA routinely incorporates weatherization and other energy conservation measures in units rehabilitated with public funds.

**Program 12:** In promoting equal housing opportunities for all residents regardless of age, sex, race, marital status, ethnic background, income, and other arbitrary factors, the City will refer all housing complaints to appropriate State and Federal agencies.

**Evaluation:** With over half the population of Hispanic origin, the City has attempted to increase access to affordable housing programs through broad-based bilingual marketing efforts. For example, 80 percent of the 500 households that applied for occupancy in the 26 Chaparral affordable housing units were Hispanic.

## APPENDIX D

### REDEVELOPMENT AGENCY AFFORDABLE HOUSING REQUIREMENTS AND HOUSING COMPLIANCE PLAN

In 1991, the State legislature passed Assembly Bill 315 (AB 315), amending the sections of the Health and Safety Code pertaining to Redevelopment Law in the State of California. Pursuant to AB 315, each redevelopment agency in California must adopt a plan for complying with the existing requirements of State Redevelopment Law. These requirements are as follows:

- (1) *Twenty Percent Set-Aside.* Twenty percent of tax increment revenue must be expended to increase, improve and preserve the supply of low and moderate housing in the community (H&S 33334.2);
- (2) *The Inclusionary Rule.* A fixed percentage of all housing constructed in a Redevelopment Project Area must be affordable to low- and moderate-income persons and families (H&S 33413[b]); and
- (3) *The Replacement Rule.* The Agency must replace low- and moderate-income housing that is removed as a result of a redevelopment project (H&S 33413[a]).

The City of Hollister's Redevelopment Project Area, formed in 1983, covers the majority of the City (see attached project area map). The Agency has been very proactive in providing affordable housing by using its resources and working in tandem with local nonprofit housing developers. Further, the Agency has a policy of adding to the affordable housing stock as expeditiously as possible by using set-aside funds as they become available rather than accumulating the funds for later use.

The purpose of this appendix is to illustrate Hollister Redevelopment Agency's track record in achieving its affordable housing production requirement stipulated by Redevelopment Law. Further, this appendix outlines the Agency's anticipated plans to achieve additional affordable housing production in compliance with state law during the 1991-1997 and 1998-2002 periods.

#### Overview of Major Housing Requirements

##### (1) H&S Section 33334.2 - Twenty Percent Set-Aside

Since the establishment of the Redevelopment Agency in 1983, the housing set-aside fund has continued to accumulate funds that have been used to provide and preserve affordable housing in the City. Through the fiscal year ending 1990, the cumulative gross agency revenues were \$8,885,097, of which \$1,777,019 (20 percent) was set aside for the housing fund. These funds

have been used to finance some of the affordable projects mentioned in the Housing Element and highlighted below in the Inclusionary Plan.

Based on projections calculated in December 1992 by the Agency's public finance consultant, Sutro & Co., the Redevelopment Agency will accumulate \$29,785,496 in tax increment revenues from fiscal year 1991 to 1997, of which \$5,957,099 will be set aside for affordable housing. During the subsequent five-year period, Sutro's projections indicate total tax increment revenues of \$30,284,997, of which \$6,056,999 will be set aside for affordable housing.

The use of future set-aside funds is outlined in the Redevelopment Agency's Capital Improvement Plans. The 1992/1994 Plan includes seven projects that will benefit from the Redevelopment Agency's set-aside program (see Table D-2 of this appendix). These projects are expected to add approximately 600 affordable units. An additional 380 units are forecasted to be assisted during the 1998 to 2002 period.

#### (2) H&S Section 33413(b) - The Inclusionary Rule

Redevelopment Law requires that, within a Project Area, at least 30 percent of all dwelling units directly developed by the Redevelopment Agency, and 15 percent of all dwelling units developed by other public or private entities, be affordable to low- and moderate-income households. Further, 50 percent of the affordable units developed by the Agency and 40 percent of the units developed by other entities must be affordable to very-low-income households. While Hollister's Redevelopment Agency has assisted numerous affordable housing projects, it has been through a contract with South County Housing, a non-profit housing developer, rather than directly producing the units itself. As this is the role the Agency anticipates continuing, the Inclusionary Plan reflects the 15 percent requirement that applies to projects developed by other agencies or independent developers.

Consistent with the State law, the Hollister Redevelopment Agency and the City of Hollister will make every effort to retain units developed under the inclusionary rule as affordable for the longest feasible time, up to and including 30 years.

#### (3) H&S Section 33413(a) - The Replacement Rule

Redevelopment Law requires that, whenever dwelling units housing persons or families of low or moderate income are destroyed or removed as part of a redevelopment project, an equivalent number of units must be replaced within four years.

Because the City of Hollister has significant available vacant land for the development of affordable housing, it is not anticipated that any low or moderate units will be removed as part of a redevelopment project during the period 1991 to 1997. Further, no units have been demolished or removed to date.



In the event that the Redevelopment Agency must demolish or remove low- or moderate-income units, the Agency will utilize housing set-aside funds and work with private developers to replace the affordable units.

### **The Inclusionary Plan**

Section 33413(b)(4) of the Health and Safety Code requires that each redevelopment agency shall adopt a plan to comply with the requirements of the inclusionary rule. The plan will estimate the number of new or rehabilitated residential units to be developed in the Project Area over a 10-year period, and the number of units that are required for very-low and low/moderate-income households, to comply with Redevelopment Law.

Table D-1 summarizes the number of total and affordable units constructed since Plan inception and the projected number of units required to satisfy the inclusionary rule through 2002. Table D-2 provides a summary of affordable housing units developed, or planned and funded for production between 1991 and 1997 and 1998 to 2002.

As indicated, the Redevelopment Agency fell short of its requirement during the period 1983 to 1990; however, the Agency was only established in mid-1983 and had few funds available to support affordable housing.

The results of the Agency's proactive efforts are evident in the surplus of affordable units projected for the 1991-to-1997 period, continuing into the second half of the decade. As noted in Table D-2, based on the number of projects currently under development and/or receiving Agency assistance, a total of 659 affordable units will be added to the housing supply. An additional 75 units will be rehabilitated. This production level not only exceeds the requirement for this planning period but also exceeds the number of units needed to accommodate the shortfall generated in the prior period.

Of projected 734 affordable units, 348 units, or 47 percent, are estimated to be affordable to very-low-income households. In fact, it is likely that there will be a greater number of low/moderate income units produced than the 386 units cited in the table. A significant number of market-rate units developed in Hollister, especially rental units, are affordable to low/moderate income households. The affordability of current market-rate projects is outlined in Table 16 of the Housing Element. As such, the Redevelopment Agency is targeting the bulk of its financial support to assist in producing very-low-income units.

It is difficult to project the number of affordable units that will be built in the project area between 1998 and 2002; however, based on preliminary estimates by the Redevelopment Agency, 380 affordable units will be constructed plus 54 low/moderate rehabilitations (see Table D-2). This estimate far exceeds the City's projected goal of 158 units. Based on these projections, it is very likely that the Hollister Redevelopment Agency will complete the next 10 years with an excess of required affordable units produced or rehabilitated.

Table D-1  
Hollister Redevelopment Agency Inclusionary Plan  
Affordable Housing Requirements within Project Area  
City of Hollister

Units Newly Rehabilitated/Constructed within the Redevelopment Project Area

	mid 1983-1990	1991-1997	1998-2002
<b>HOUSING ACTIVITY</b>			
<b>A. <u>Total New Construction/Rehab Units</u></b>			
Total New Construction (1)	1,500	1,400	1,000
Total Private Rehab Units (2)	38	35	25
Total Below-Market Rehab Units (3)	0	75	54
Total New Construction/Rehab Units	1,538	1,510	1,079
<b>B. <u>Affordable Units (subset of A) (4) (5)</u></b>			
Very Low Construction	30	348	90
Low/Mod Construction	48	311	290
Low/Mod Rehab Units	0	75	54
Total Affordable Units	78	734	434
<b>INCLUSIONARY REQUIREMENT</b>			
<b>C. <u>Inclusionary Requirement</u></b>			
Very Low Construction/Rehab	92	91	65
Low/Mod Construction/Rehab	138	136	97
Total (15% of Total New Const./Rehab)	231	227	162
<b>D. Surplus/(Shortfall)</b>			
Very Low	(62)	257	25
Low/Mod (6) <sup>1</sup>	(91)	250	247
<b>E. Cumulative Surplus/(Shortfall)</b>			
Very Low	(62)	195	220
Low/Mod (6)	(91)	159	406

Notes:

- (1) Estimate based on the annual average number of units built in the project area from mid-1983 to mid-1992.
- (2) Based on building department director's estimate of an average of five rehabs per year.
- (3) Estimated by the Redevelopment Agency staff based on current project funding.
- (4) Based on actual number of affordable units constructed to date, as well as, units planned and funded by the Redev. Agency.
- (5) 1998-2002 based on projections made by the Redevelopment Director. Includes 200 sf units, 120 mf units and 60 senior apartments.
- (6) As indicated in the Housing Element, many market rate projects (especially rentals) are affordable to low/moderate income households.

Sources: Hollister Planning Department, Building Department, Redevelopment Agency and Sedway & Associates

Table D-2  
Affordable Projects Developed and Under Development within Project Area  
1983 to 1990, 1991 to 1997 and 1998 to 2002

	<u>Affordability Level</u>		
1983 - 1990	Very-Low	Low/Mod	Total
Techo	17	17	34
Prospect	7	7	14
Del Rio	6	6	12
2nd Units	0	18	18
Total New Construction	<u>30</u>	<u>48</u>	<u>78</u>
1991 - 1997			
Westside Apts	8	8	16
Prospect Villa II	21	21	42
Prospect Villa III	21	21	42
2nd Units	0	4	4
San Benito Housing Assoc	130	130	260
Holland Hotel	40	0	40
400 Block	15	15	30
Airline Hwy (1)	20	20	40
Chappel Road	50	50	100
4th St Mixed Use (2)	43	43	85
Total New Construction	348	311	659
Total Rehab Units	0	75	75
Total New Construction/Rehab	<u>348</u>	<u>386</u>	<u>734</u>
1998 - 2002			
Single Family Ownership		200	200
Multi-Family Rental	60	60	120
Senior Apartments	30	30	60
Total New Construction	90	290	380
Total Rehab Units	0	54	54
Total New Construction/Rehab	<u>90</u>	<u>344</u>	<u>434</u>

Notes:

- (1) Potential conversion of an abandoned speculative office project to senior apartments.  
(2) Proposed mixed use project to include large-household apartments. Number of units to be determined.

Sources: Hollister Redevelopment Agency, Sedway & Associates.



Table D-2  
Affordable Projects Developed and Under Development within Project Area  
1983 to 1990, 1991 to 1997 and 1998 to 2002

1983 - 1990	<u>Affordability Level</u>		Total
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Notes:

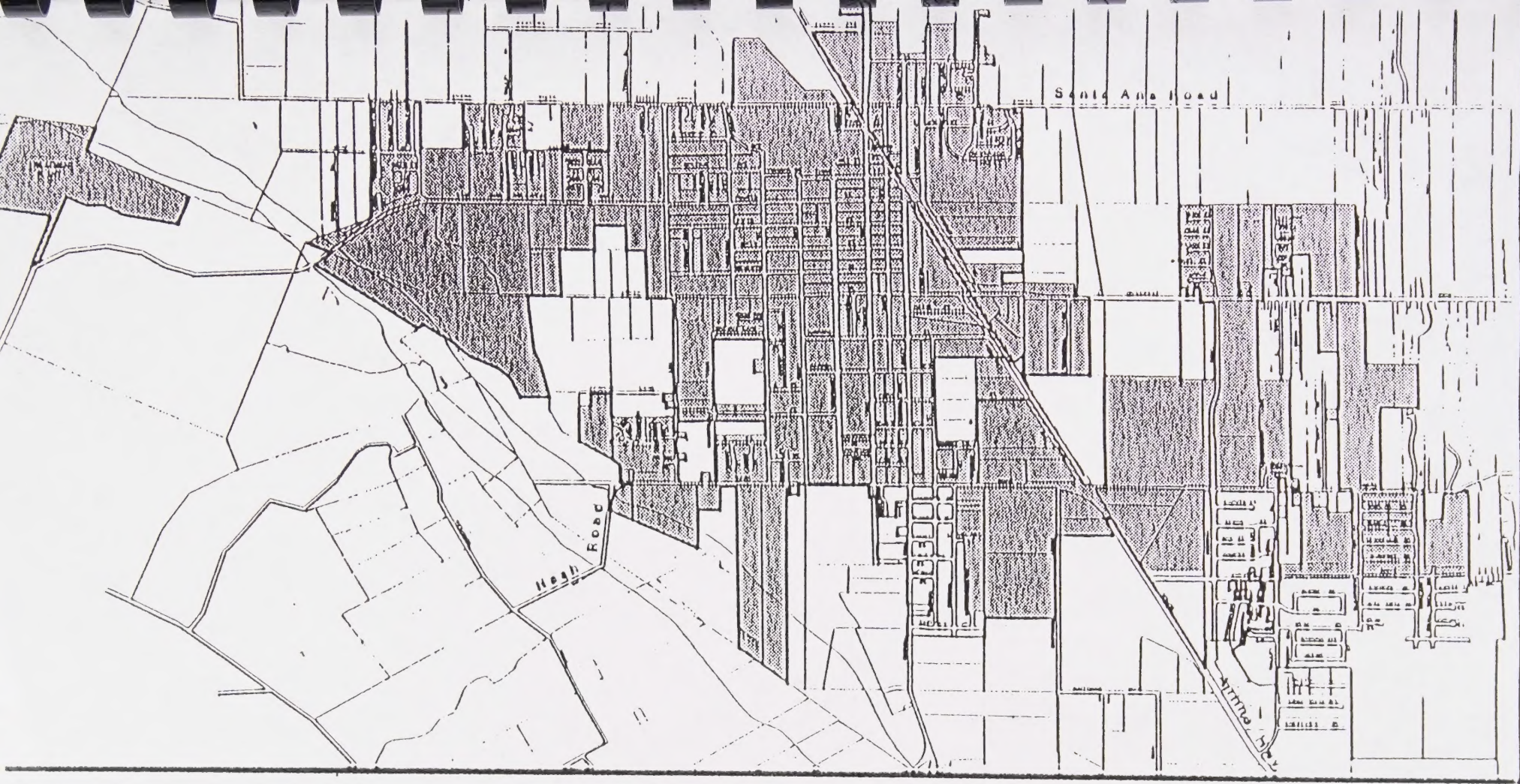
(1) Potential conversion of an abandoned speculative office project to senior apartments.

(2) Proposed mixed use project to include large-household apartments. Number of units to be determined.


Sources: Hollister Redevelopment Agency, Sedway & Associates.







## EXHIBIT A PROJECT AREA

- City Limits
-  Project Area

CITY OF HOLLISTER

SCALE

